Independent Auditor's Report

The Board of Directors
Tokyu Fudosan Holdings Corporation

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Tokyu Fudosan Holdings Corporation and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2024, and the consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition for real estate sales with real estate funds, etc.	
Description of Key Audit Matter	**Auditor's Response**
The Group engages in real estate sales transactions of office buildings, commercial facilities, rental residences, and logistics facilities with real estate funds, etc. (special purpose companies, funds and parties with whom the Group has continuous real estate transactions). Real estate sales to real estate funds, etc. are included in '(1) Revenue Breakdown Information (Sale of real estate, etc. of Urban Development 252,982 million yen, Strategic Investment 64,752 million yen, Property	We conducted the following procedures to understand the transaction scheme in whole and assess whether almost all risks and rewards are transferred to the buyer in the real estate sales with real estate funds, etc. ・ We inspected related approval documents, the minutes of the Group Executive Committee, and the minutes of the Board of Directors in order to understand the sales transactions and whether there will be any continuing involvement in the future.

Management & Operation 18,508 million yen, Real Estate Agents 98,587 million yen)' in '32. Revenue recognition' of the Notes to the Consolidated Financial Statements. In general, transaction amounts of real estate are large and real estate transactions are unique, furthermore a real estate sales contract has unique terms and conditions as each transaction is negotiated with its counterpart. In particular, if the buyer is a real estate fund, etc., there may be retention of risks through continuing involvement such as having a repurchase option or retaining some equity interest in the sold property. In such cases, the determination of whether substantially all of the risks and rewards of real property have been transferred may be complex. If this determination is inappropriate, there is a risk that revenue might be recognized for the real estate sales transaction where almost all of the risks and rewards are not transferred to the buyer. In addition, if the buyer is a real estate fund, etc., it includes an entity which has different features from that of a normal entity, and as there might be continuing involvement described above, there is a risk that the transaction amount might be manipulated from fair value to recognize improper revenue or to avoid any loss. Finally, it could have a material impact on the financial statements if it is conducted. Therefore, we determined that revenue recognition for real estate sales transactions with real estate funds, etc. is a key audit matter.	・ We inspected related approval documents, the minutes of the Group Executive Committee, and the minutes of the Board of Directors, and external information such as on the website, in order to understand the type of the entity, business of the buyer and the relationship with the Group. ・ We inspected sales contracts and other agreements, and inquired of management and the in-charge department, in order to understand and evaluate the transaction terms and conditions, including whether repurchase conditions exist. ・ We compared the transaction price with similar historical transaction and the real estate appraisal report in order to examine the transaction amount. In addition, we compared the inputs on which the real estate appraisal is based, such as future cash flows and discount rate, with those in similar historical transactions, and information of rent and discount rate released from external institutions such as market reports. Furthermore, we considered the necessity of involvement of expert of real estate appraisal in our network firm. ・ We inspected the cash receipt evidence of the consideration and copy of the registration certificate of transfer of ownership, in order to assess the fact of delivery.

Valuation of Property, plant and equipment, Real estate for sale, and Real estate for sale in process relating to large-scale real estate developments	
Description of Key Audit Matter	**Auditor's Response**
The Group is engaged in the real estate development business of office buildings, commercial facilities, and residences, mainly in the Greater Tokyo Area, and is engaged in the lease and sale of this real estate. Assets related to the leasing business are recorded as Property, plant and equipment such as Buildings, Land, and Construction in progress on the Consolidated Balance Sheet, and assets related to the sales business are recorded as Real estate for sale and Real estate for sale in process. These amounts are included in Property, plant and equipment of 1,094,687 million yen, Real estate for sale of 502,267 million yen, and Real estate for sale in process of 407,497 million yen on the Consolidated Balance Sheet at the end of the current consolidated fiscal year, and will increase in the future as development progresses. Real estate for sale represents the amount that was transferred from Property, plant and equipment at the end of the current consolidated fiscal year due to a change in the	We conducted the following procedures to identify indications of impairment in the application of impairment accounting for Property, plant and equipment relating to large-scale real estate developments, of which the total investment amounts exceed a certain amount, among others: ・ We inspected related approval documents, minutes of the Group Executive Committee, and minutes of the Board of Directors, inquired of management and the in-charge department to understand the business plans of the projects and its progress, and also to determine the delay of construction and tenant leasing.

purpose of possession, and is included in the 88,024 million yen under '13. Change in Purpose of Possession' in the Notes to the Consolidated Financial Statements. The valuation methods used for Real estate for sale, Real estate for sale in process and Property, plant and equipment are described in sections 1 and 2 of '3. Significant accounting estimates' in the Notes to the Consolidated Financial Statements. In the real estate development business, there are potential risks such as the investment becoming unrecoverable due to reduction of profitability, as various external factors cause the subsequent modification of a development plan. Specifically, the following events might cause those modifications: being unable to obtain consent from other landowners, being unable to obtain governmental permission for development, delay in construction due to unexpected circumstances, increase of construction costs due to changes in the external business environment, and delays of tenant leasing. In particular, large-scale real estate developments have a high degree of uncertainty because of their long development periods and since they require large amounts of investments, they could have a material impact on the financial statements if impairment loss and loss on valuation are recorded. Judgments made by the Group regarding whether there are indications of impairment and whether to record loss on valuation for the real estate development business are complex because of the various risks of modification to the development plans as described above. Therefore, we determined that the valuation of Property, plant and equipment, Real estate for sale, and Real estate for sale in process relating to large-scale real estate developments is a key audit matter.	・ We inquired of management and the in-charge department to understand the status of negotiation with other landowners and local governments, the status of applications and approvals on city planning and scheme of exchange rights of new buildings. Furthermore, we considered the consistency of their responses with related external information, such as notice of the local governments, documents prepared by the redevelopment partnership, and information on websites owned by related local governments. ・ We inspected the development site and considered the consistency with the information obtained from the procedures above. In addition, we determined whether the development is delayed significantly based on the understanding of its progress. ・ We inquired of management and the in-charge department regarding the planned completion schedule, tenant rent, occupancy rates, and construction costs in the cash forecast of each project in order to assess them. We also considered the consistency of planned rent and occupancy rate with information released from external institutions such as market reports, etc., and compared construction costs with costs incurred in the past. ・ We inspected related contracts, etc. when a construction contract or a lease contract was entered into as the development progresses, and compared the tenant rent and leasing period reflected in the cash forecast of each project, with those contracts, etc. ・ For assets subject to transfer from Property, plant and equipment to Real estate for sale, we considered whether there was a change to significantly reduce the recoverable amount based on the real estate appraisal value. Additionally, in order to evaluate the appropriateness of the real estate appraisal value, we evaluated the competence, capabilities and objectivity of the real estate appraisers that performed the valuations and considered the preconditions for appraisals, the valuation methods used, and the judgment process for determining valuations. We conducted the following procedures to determine whether loss on valuation should be recorded for Real estate for sale and Real estate for sale: ・ We considered whether the carrying value of real estate for sale in process is less than the net realizable value thereof based on the real estate appraisal value. The procedures we performed to evaluate the appropriateness of the real estate appraisal value are described above.

Other Information

The other information comprises the information included in the Annual Report that contains audited consolidated financial statements but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Corporate Auditor and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Corporate Auditor and the Board of Corporate Auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

The fees for the audits of the financial statements of the Group and other services provided by us and other EY member firms for the year ended March 31, 2024 are 346 million yen and 68 million yen, respectively.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2024 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

Ernst & Young ShinNihon LLC
Tokyo, Japan

June 26, 2024

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Shuji Kaneko
Designated Engagement Partner
Certified Public Accountant

新居　幹也

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ANNUAL REPORT 2024

Year Ended March 31, 2024

TOKYU FUDOSAN HOLDINGS

CONTENTS

Message from the President

In the fiscal year ended March 31, 2024 (FY2023), based on the medium-term management plan 2025, we continued striving to push ahead with the restructuring of our business portfolio, in line with a policy of improving our earnings power and efficiency, with an eye to achieving further growth in the post-COVID-19 environment. Thanks to a beneficial business environment, operating results in each segment have remained favorable, and we achieved the financial targets for FY2025, the final year of the plan, two years ahead of schedule.

In FY2024, we are working to create the next medium-term management plan that will serve as the long-term management policy for our resilience phase. Specifically, based on changes in the business environment, we positioned “strengthening the competitiveness of international cities” and “creating added value based on regional resources” as the central focus of our efforts going forward. We will continue aiming to further expand revenue by offering enhanced value to customers utilizing the Group’s characteristically broad business wings.

In the fields of the environment and sustainability, which are strengths of the Group, we published a TNFD report in FY2023, the first such report in the domestic real estate industry. In 2024, Tokyu Land Corporation, which is one of the Group’s core companies, became the first domestic company (excluding financial institutions) to receive RE100 certification. These are just a couple examples of our accomplishments.

Going forward, we will continue working hard to enhance corporate value with the aim of garnering high praise from all our shareholders and investors.

I would like to thank our shareholders for their unwavering support and cooperation.

Realizing a future where anyone can be themselves and shine brightly

June 2024

Hironori Nishikawa,
President & CEO

BUSINESS REPORT
Years ended March 31, 2024

I. Outline of business

1. Financial Highlights

(1) Summary of consolidated statements of income

	Yen (millions) 2023	Yen (millions) 2024	U.S. dollars (thousands) 2024
Operating revenue	¥ 1,005,836	¥ 1,103,047	$ 7,304,947
Operating profit	110,410	120,238	796,278
Ordinary profit	99,558	110,391	731,066
Profit attributable to owners of parent	48,227	68,545	453,940
Comprehensive income	72,983	85,782	568,093
Net assets	700,702	771,900	5,111,921
Total Assets	¥ 2,738,458	¥ 3,030,751	$ 20,071,199

(2) Trend of indices

	2023	2024
Equity ratio	25.0%	24.8%
ROE*1	7.3%	9.6%
PER*2	9.4	13.0

*1 Net income/shareholder's equity *2 Price earnings ratio (times)

(3) Others

	Yen 2023	Yen 2024	U.S. dollars 2024
Net income per share	¥ 67.21	¥ 96.40	$ 0.64
Net assets per share	¥ 964.77	¥ 1,053.04	$ 6.97
Employees	21,614	21,170	-
- Temporary employees*	8,452	7,673	-

* The number of temporary employees is the annual average number.

(4) Summary of cash flows

	Yen (millions) 2023	Yen (millions) 2024	U.S. dollars (thousands) 2024
CF from operating activities	¥ 94,739	¥ 156,465	$ 1,036,192
CF from investing activities	(120,060)	(178,190)	(1,180,066)
CF from financing activities	42,764	97,774	647,510
Cash and cash equivalents at the end of the year	¥ 170,649	¥ 246,248	$ 1,630,781

2. Major Business

(1) Urban Development

Development, leasing and operation of office buildings and commercial facilities

Sales of condominiums and other residential properties

(2) Strategic Investment

Development, leasing and operation of renewable energy power facilities and logistics facilities

Management of REIT and fund

Investment in real estate development overseas

(3) Property Management & Operation

Property management and renovation of common areas of condominiums, buildings and other properties

Sales and management of membership resort hotels, management of urban hotels, golf courses, ski resorts, senior housing, etc.

Environmental greening

(4) Real Estate Agents

Real estate brokerage, purchase and resale business, sales agency, etc.

Management and operation of rental housing and student apartments

3. Business policy

(1) Management policy, business environment and issues to be addressed, etc.

Forward-looking statements in the text are the Group's judgments as of the end of the fiscal year ended March 31, 2024, and actual results, etc. may differ from these forecasts.

① About Long-Term Vision "GROUP VISION 2030"

With respect to the long-term business environment in the future, the Group expects that the uncertain and unpredictable era called VUCA* will continue, given the COVID-19 pandemic, the rapid acceleration of digitalization, the advancement of a decarbonized society and the diversification of lifestyles. To realize a sustainable society under such an environmental recognition, the Group has formulated its long-term vision "GROUP VISION 2030" and reorganized its group philosophy by ascertaining its ideal vision a decade later based on a back casting approach, rather than the conventional building-up type plan.

* VUCA stands for volatility, uncertainty, complexity and ambiguity and refers to an unpredictable socioeconomic environment.

(i) Slogan of the long-term vision "WE ARE GREEN"

It expresses our commitment to realizing our ideal vision in 2030 with diverse green power by expressing the diversity of the businesses and human capital of the Group in gradations with green, our corporate color, as the basic tone. Green symbolizes our environmental efforts and sustainability, as well as the Group's goal of creating a future where everyone can be themselves and shine vigorously. Under the banner "WE ARE GREEN," we will create a variety of appealing lifestyles by combining diverse green power.

The spread of the new normal and the diversity of work styles. The rise of the social and ecologically minded future generation. What do we want to be in an uncertain and unpredictable world where values are changing, which is being called the era of VUCA? Where are we headed? We will create new lifestyles that combine home, work and play styles, along with impressive new experiences enabled by DX, while contributing to a decarbonized society with the diverse green power we possess. To create a future where everyone can be themselves and shine brightly. We will aim to become a corporate group that creates value for the future.

WE ARE GREEN

(ii) The Group philosophy

We have reorganized our group philosophy in light of the origin and history of the Group and stipulated our ideal vision, pledge to society and founding spirit.

As our ideal vision, we continue to set "Create value for the future." Our social mission is to realize a future where everyone can be themselves and shine vigorously through the creation of a variety of appealing lifestyles.

In our pledge to society, we have defined our pledge to six stakeholders. We believe that corporate value is the sum total of the levels of satisfaction of all of our stakeholders.

Our ideal vision

Create value for the future

We resolve social issues through our business activities and aim for sustainable society and growth together with our stakeholders.

We realize a future where everyone can be themselves and shine vigorously through the creation of a variety of appealing lifestyles.

Our pledge to society

We believe that corporate value is the sum total of the levels of satisfaction of all of our stakeholders.

Customers	▶ Always coming face-to-face with customers, we will provide value that will ensure that we continue to be chosen by them.
Group employees	▶ We develop human capital who can tackle challenges and create workstyle environments where Group employees can work actively.
Business partners	▶ We will create value in partnerships and aim to achieve growth together with our partners.
Local communities	▶ We will contribute to a sustainable society by initiatives to coexist with communities and revitalize them.
Shareholders and investors	▶ We will maximize shareholder value through sustainable growth.
Future society	▶ We aspire to pass on to future generations a world full of hope with a rich environment.

Our founding spirit

"Challenge-oriented DNA"

A progressive spirit inherited since the development of Den-en Chofu, a pioneering effort to create the ideal town

(iii) Materialities

To realize a future where everyone can be themselves and shine vigorously, which we have defined in our ideal vision, we have drawn up an ideal image of the future for individuals, society and the environment and set the following four themes to work on to realize this as materialities: "Create a variety of lifestyles," "Create well-being communities and lifestyles," "Create a sustainable environment" and "Create value in the digital era."

In addition to the four materialities related to business foundations above, we have set the following two materialities related to our management base: "Create an organizational climate under which diverse human capital is enlivened" and "Create governance to accelerate growth." We will work on these six materialities to realize the future to which the Group aspires.

Lifestyle

Create a variety of lifestyles.

We will realize a vibrant life both physically and mentally by promoting the Lifestyle Creation 3.0 that combines home, work and leisure styles.

Liveable City

Create well-being communities and lifestyles.

We will realize a society where everyone can feel happy by building a secure, safe and comfortable life infrastructure and creating mutual aid communities.

Environment

Create a sustainable environment.

As an environmentally advanced company, we will create a carbon-free society and a recycle-oriented society by addressing global issues such as climate change.

DX

Create value in the digital era.

We will work on our business model transformation by utilizing digital technologies to create customer's new experience value.

Human Capital

Create an organizational climate under which diverse human capital is enlivened.

We will continue to create innovation by addressing an organizational climate that respects human rights and under which diverse human capital can exercise their abilities.

Governance

Create governance to accelerate growth

As a group trusted by all stakeholders, we will aim to enhance our corporate value sustainably by increasing management transparency and fairness.

(iv) Positioning of "GROUP VISION 2030"

We have identified four issues at the time of formulating our long-term management policy, GROUP VISION 2030. While BS expansion has been achieved through steady investments, some businesses have experienced a decline in profit level due to the impact of the Covid-19. We recognize that "improving efficiency through BS management" and "building a strong business portfolio" are the key issues we must address. In businesses that rely on human resources for management and operations, etc., there is an urgent need to "shift away from labor-intensive operations" to shift to a structure that is less susceptible to the effects of labor shortages, etc., and to deal with increasingly sophisticated and complex businesses, such as digitalization, and it is also important to "break away from a self-supporting approach and to develop human resources.

Based on the recognition of the four issues, the first half of the 10-year period through 2030 is designated as the "restructuring phase”. This will then be the period for efforts to improve earning power and efficiency for the re-growth in the post Covid-19. In the second half of the period, we will also aim to establish a solid business foundation, including business development in new areas, as part of the "resilience phase," which will lead to sustainable growth in subsequent years.

② **Long-term management policy**

In the GROUP VISION 2030, we will review all businesses from a long-term perspective based on our recognition of existing issues and achieve sustainable growth by clarifying our approach as a management compass.

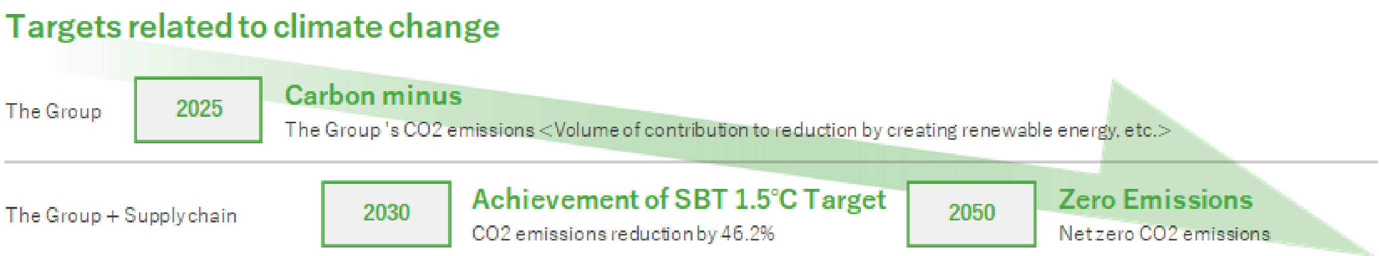
To transform the Group's characteristics, such as its wide range of assets and abundant customer contacts, into its strengths, we will work on environmental management and digital transformation as a Group policy. In addition, to evolve the associated assets expansion model, we will build a solid and distinctive business portfolio by promoting the utilization of intellectual assets and co-creation with partners. We will realize improvements in ROE and EPS growth, and ultimately the enhancement of shareholder and corporate value.

(i) Group policy

a. Environmental management

Based on our environmental vision, we will strive to reduce our environmental impact through all our businesses, including the use of clean energy, and the "Creation of comfortable communities and lifestyles that contribute to the environment," aiming to create a decarbonized, recycling-oriented society.

With respect to targets related to climate change, we will achieve a contribution to carbon minus by 2025 in the Group 's CO2 emissions. "Carbon minus" is our own target that we aim to achieve by FY 2025 as a Group-wide initiative, based on an assumption that reductions in CO2 emissions through the renewable energy business, which is a strength of the Group, will exceed the Group's CO2 emissions. In addition, we will aim to seek to reduce CO2 emissions, including Scope 3 of the supply chain, by 2030 with acquisition of the certification of Science Based Targets (SBT) 1.5°C and net zero CO2 emissions by 2050. The 1.5°C target, which calls for holding the rise in global average temperatures below 1.5°C by 2100 is an ambitious goal, and is considered to be a non-binding target in the Paris Agreement. However, we hope that we will lead the industry in environmental efforts by working on these targets with strong determination.



b. DX

In the Group policy "DX" (digital transformation), we will promote three initiatives.

We will work to transform our business with digital technology through 1) a shift to creative operations by promoting labor saving, including the digitalization of workflow and process automation, 2) impressive experience creation through advances in customer contact points, including the promotion of the integration of online and offline (so-called OMO (Online-Merge-Offline)) and 3) new value creation by utilizing intellectual assets in innovation of in-house developed tools and service model offerings, etc..

We believe that the Group will be able to provide new added value by working on DX, given that it has abundant contact points with customers because it engages in many BtoC businesses. We will promote DX to transform the BtoC businesses into our strength.

(ii) Target indicators

In targets indicators for FY2030, we have set KPIs for each materiality.

As financial indicators, we have set an ROE of 10% or more, an ROA of 5% or more, a D/E ratio of 2.0 times or less, and operating profit of 150 billion or more and net profit of ¥75 billion or more as our ideal vision for FY2030. We have also decided to prepare a medium-term management plan along with the GROUP VISION 2030 to materialize our ideal vision for FY2030.

Themes to work on (Materialities)		Target indicators
Lifestyle	Create a variety of lifestyles.	• Customer satisfaction level *1 **90% or more** • Products and services that contribute to the Lifestyles Creation 3.0 **100 cases or more (10 cases a year)**
Liveable City	Create well-being communities and lifestyles.	• Measures to revitalize communities **100 cases or more (10 cases a year)** • Strengthening of safety and security*2 **100%**
Environment	Create a sustainable environment.	• CO2 emissions (compared with FY 2019) **(46.2)% (SBT certification)** • Environmental efforts through business **100 cases or more (10 cases a year)**
DX	Create value in the digital era.	• Number of initiatives for digital utilization **100 cases or more (10 cases a year)** • Acquisition of IT passport*3 **100%**
Human Capital	Create an organizational climate under which diverse human capital is enlivened.	• Ensuring of diversity in the core human capital Ratio of female managers **20% or more** • Ratio of childcare leave taken by male employees **100%**
Governance	Create governance to accelerate growth.	• Engagement with shareholders and investors **300 cases** or more • Improvement of effectiveness of the Board of Directors (third-party evaluation) **100%**

〈Reference indicators〉

ROE
10% or More

ROA
5% or More

D/E ratio
2.0 times or less

Operating profit
150 billion yen
or More

Net profit
75 billion yen
or More

*1 Tokyu Cosmos Members Club Questionnaire survey *2 Support people who have difficulty returning home in the event of a disaster in a large and non-residential building, etc. *3 Tokyu Land Corporation employees

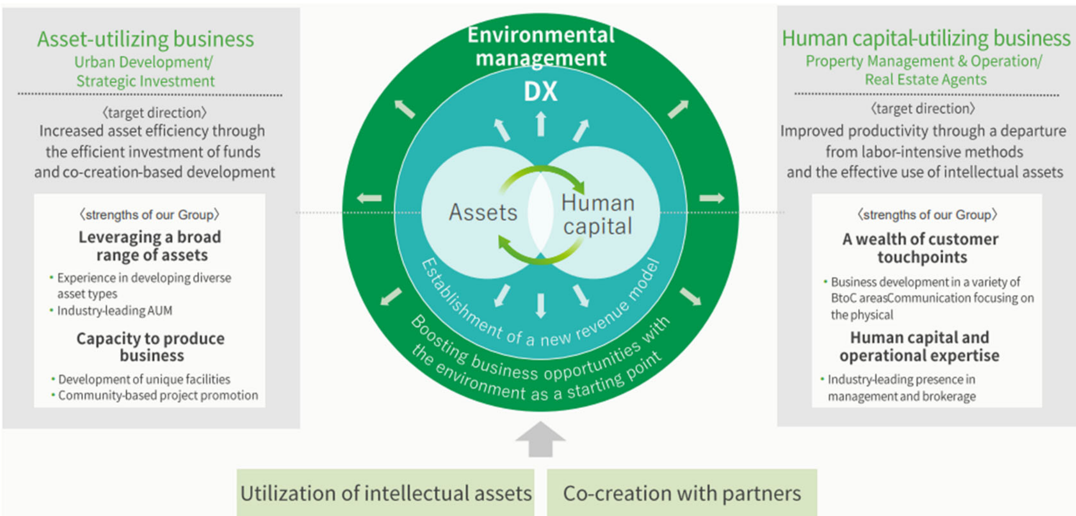
③ **"Medium-Term Management Plan 2025"**

In May 2022, we formulated and announced our Medium-term management plan 2025 with FY 2025 as the target year.

This plan is positioned as the "restructuring phase" in the long-term management policy. In accordance with the Group and business policies set forth in the long-term management policy, we will promote the improvement of earning power and efficiency for the re-growth in the post-Covid 19 and aim to build a strong and unique business portfolio and realize our ideal vision.

(i) Overview of Medium-Term Management Plan 2025

We will create unique value through the Group policies "Environmental Management" and "DX" set forth in our long-term management policy. In the asset-utilizing business (Urban Development business/Strategic Investment business), we will promote "increased asset efficiency through the efficient investment of funds and co-creation-based development," and in the human capital-utilizing business (Property management and operation business/Real estate agents business), "improved productivity through a departure from labor-intensive methods and the effective use of intellectual assets" respectively.



(ii) Strengthening of the management base

We will steadily strengthen our management foundation to achieve our long-term vision, GROUP VISION 2030. In our financial capital strategy, we will implement measures to achieve profit growth with efficiency based on an optimal financial capital structure. In the area of human capital and organizational climate, we will work to improve job satisfaction and work comfort by creating an organization in which diverse capital can play an active role and promoting health management, and we will also consider human rights within the supply chain.

Financial Capital Strategy

Profit growth with efficiency based on optimal financial capital structure

Maintaining financial discipline and improving efficiency

- An awareness of shareholder equity costs, ROE exceeding 8%
- Improving debt to equity (D/E) ratio by building up periodic profits

Business Portfolio Management

- Improved efficiency with a PDCA cycle

Diversification of suppliers and procurement methods

- Expansion of ESG finance (bonds and loans)
  [Ratio of ESG bonds: 50% in FY2025]

Shareholder policy

- Review and expansions in special benefits system for long-term shareholders

Human Capital and Organizational Climate

Fostering an innovative organizational climate with a sense of unity

Building an organization where diverse human capital can thrive

- Promoting the advancement of women [increasing the ratio of women in management]
- Increasing acquisition rates in male childcare leave
- Deepening understanding of the LGBT community

Improving workplace satisfaction/comfortable work environments

- Promoting health management
- Expanding the employee stockholder association aiming to foster a sense of unity

Consideration of human rights within supply chains

- Implementation of due diligence and employee training

Governance

Building a fair and highly transparent governance system

Review of board member compensation system

- Improving linkage with the key indicators stipulated in our business plan

Bolstering the independence of our nomination and compensation committee

- Independent external directors to become the majority

Risk management

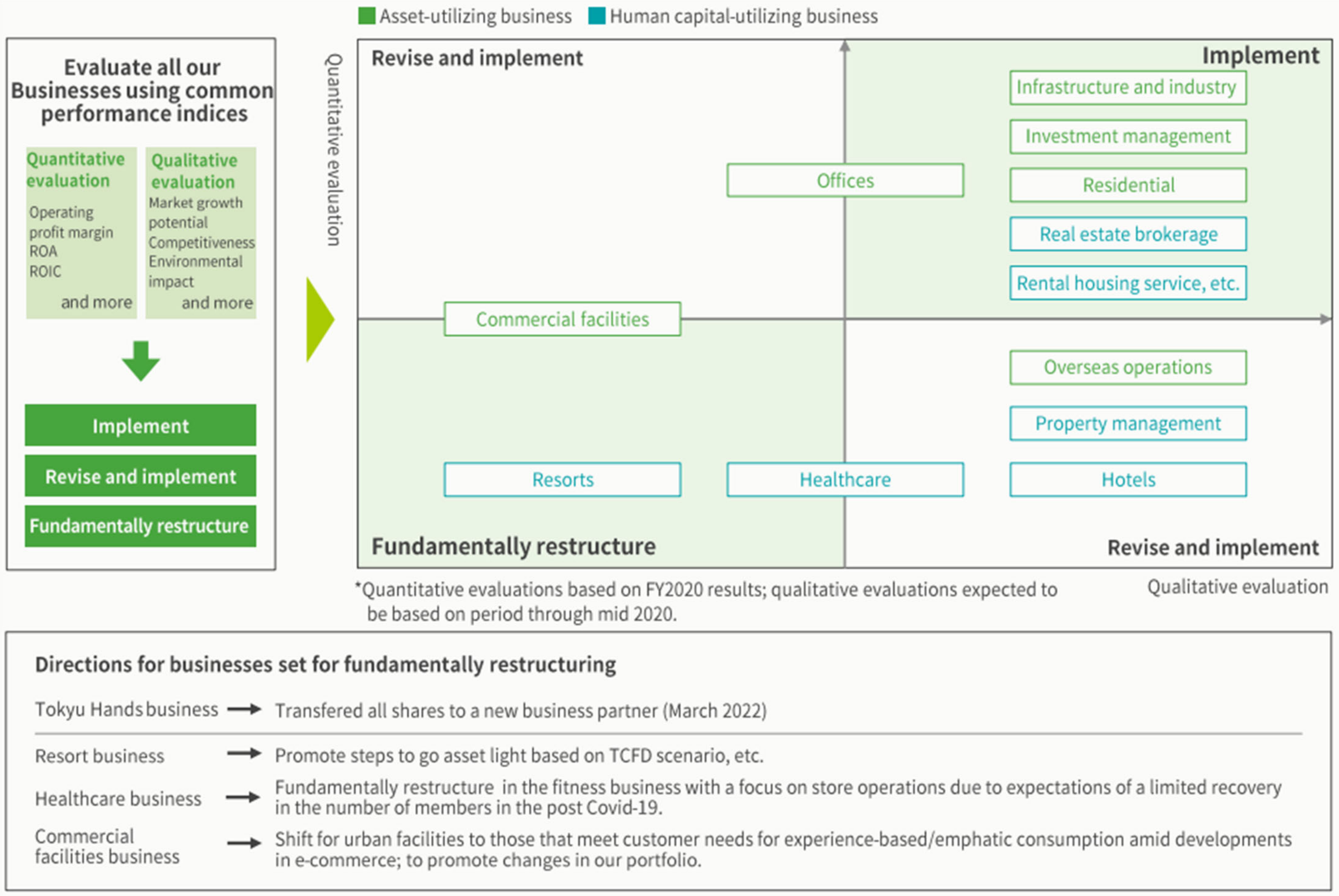
- Improving the effectiveness of our risk control structure through its rebuilding
- Promoting initiatives to mitigate financial risks through our KRI

IT security governance

- Formulation of an IT security policy to be shared by the entire Group

(iii) Business portfolio management

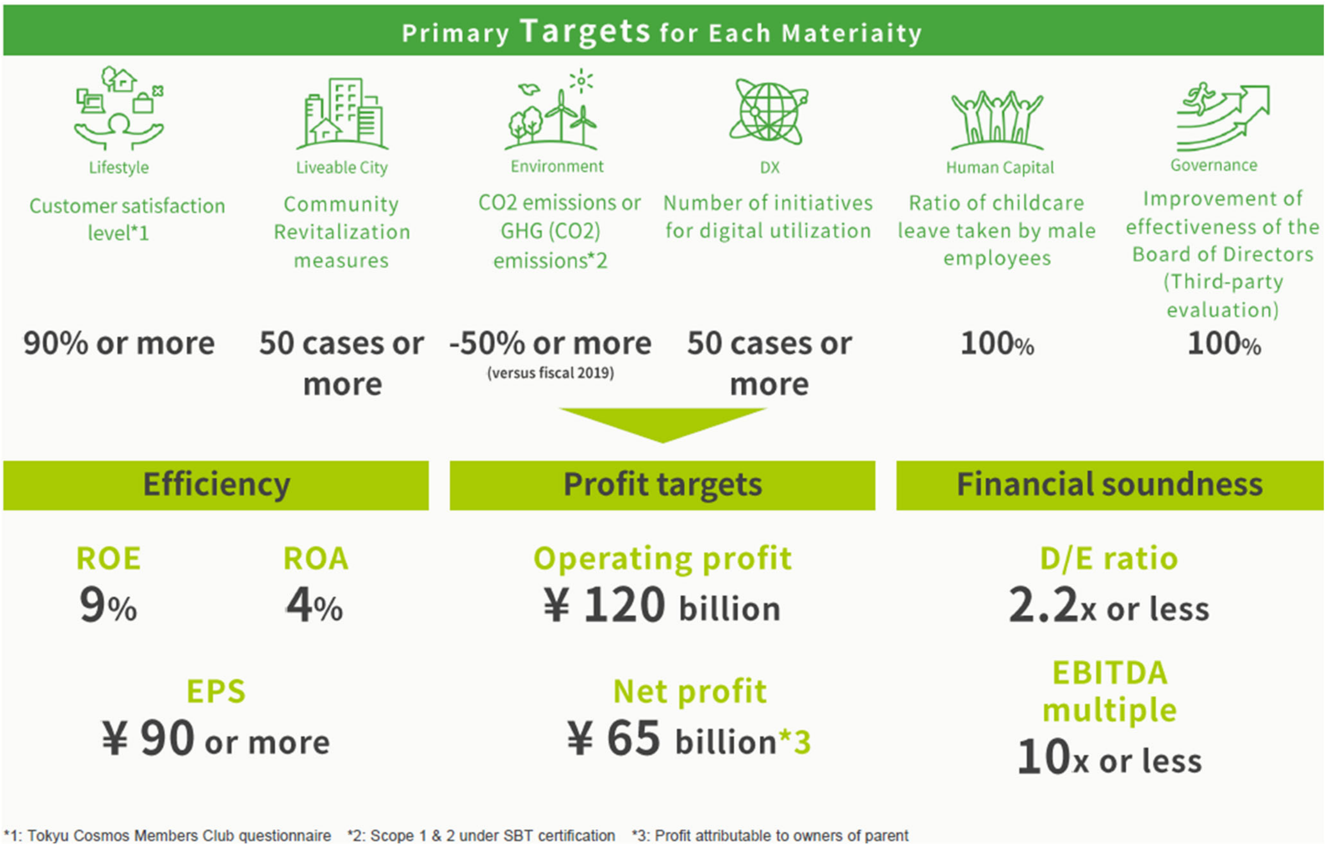
In order to build a strong and unique business portfolio, we evaluated our major businesses on the two axes of quantitative and qualitative evaluation and organized the direction of each business into "implement," "revise and implement," and "fundamentally restructure". Tokyu Hands business, positioned as a "fundamentally restructure," has transferred its shares to a new business partner, and we will promote steps to go asset light based on TCFD scenario, etc. The fitness business in the healthcare business, which is placed on the border with "revise and implement," will undergo a fundamental restructuring centered on the store operation due to expectations of a limited recovery in the number of memberships in the post-Covid 19. In the commercial facilities business, we intend to promote a shift to facilities that respond to experiential and empathetic consumption and a replacement of our asset portfolio centered on urban facilities, in line with the progress of the shift to e-commerce.



*The above figures are as of the formulation of the Medium-Term Management Plan; please refer to P.12 for the status of progress until the end of the fiscal year ending March 31, 2024.

(iv) Target indicators for FY2025

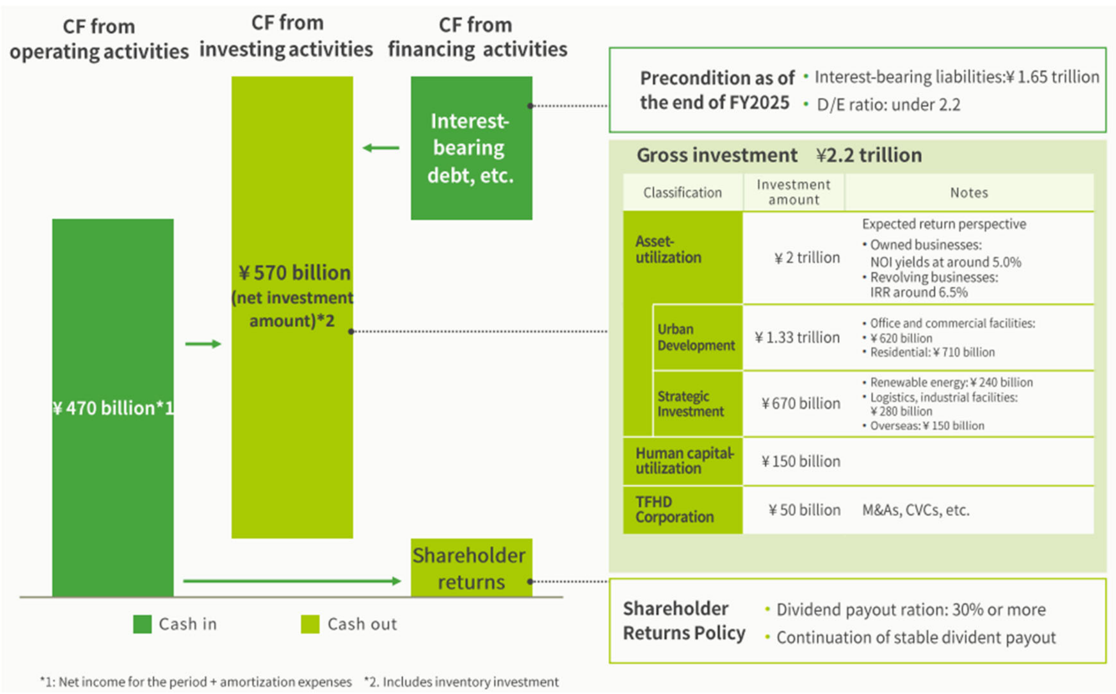
The Group has established target indicators based on the materiality, integrating financial and non-financial indicators. For FY 2025, we aim to achieve ROE of 9%, ROA of 4%, EPS of ¥90 or more as efficiency indicators, operating profit of ¥120 billion, net profit of ¥65 billion as profit targets, D/E ratio of 2.2 times or less, and EBITDA multiple of 10 times or less as financial soundness indicators.



*The above figures are as of the formulation of the Medium-Term Management Plan; please refer to P.12 for the status of progress until the end of the fiscal year ending March 31, 2024.

(v) Capital allocation

The D/E ratio at the end of FY2025 is assumed to be under 2.2 times, and net investment is planned to be ¥570 billion. Gross investment is planned to be ¥2.2 trillion, of which ¥2 trillion will be invested in Urban Development business and Strategic Investment business in the asset-utilizing business. As the expected return targets for the asset-utilizing business, we aim for an NOI yield of around 5.0% for the holding-type business and an IRR of around 6.5% for the cycling business. The investment amounts shown are cumulative figures for the five-year period from FY2021 to FY2025.



④ **Progress of Medium-Term Management Plan**

(i) Progress of Medium-Term Management Plan（Financial Targets）

In FY2023, we achieved our financial targets for efficiency, profits, and financial soundness for FY2025, the final year of our medium-term management plan, two years ahead of schedule, thanks to favorable performance in asset sales and real-estate sales agent service, as well as a robust hotel business thanks to strong inbound demand.

For FY2024, we achieved our financial targets for efficiency, profits, and financial soundness for FY2025, the final year of our medium-term management plan, two years ahead of schedule, thanks to favorable performance in asset sales and real-estate sales agent service, as well as a robust hotel business thanks to strong inbound demand.

In FY2023, ROE improved to 9.6%, and we are targeting a further increase to 9.0% in FY2024.

The first year of our next medium-term management plan will be brought forward by one year to FY2025, and is scheduled to be announced in May 2025.

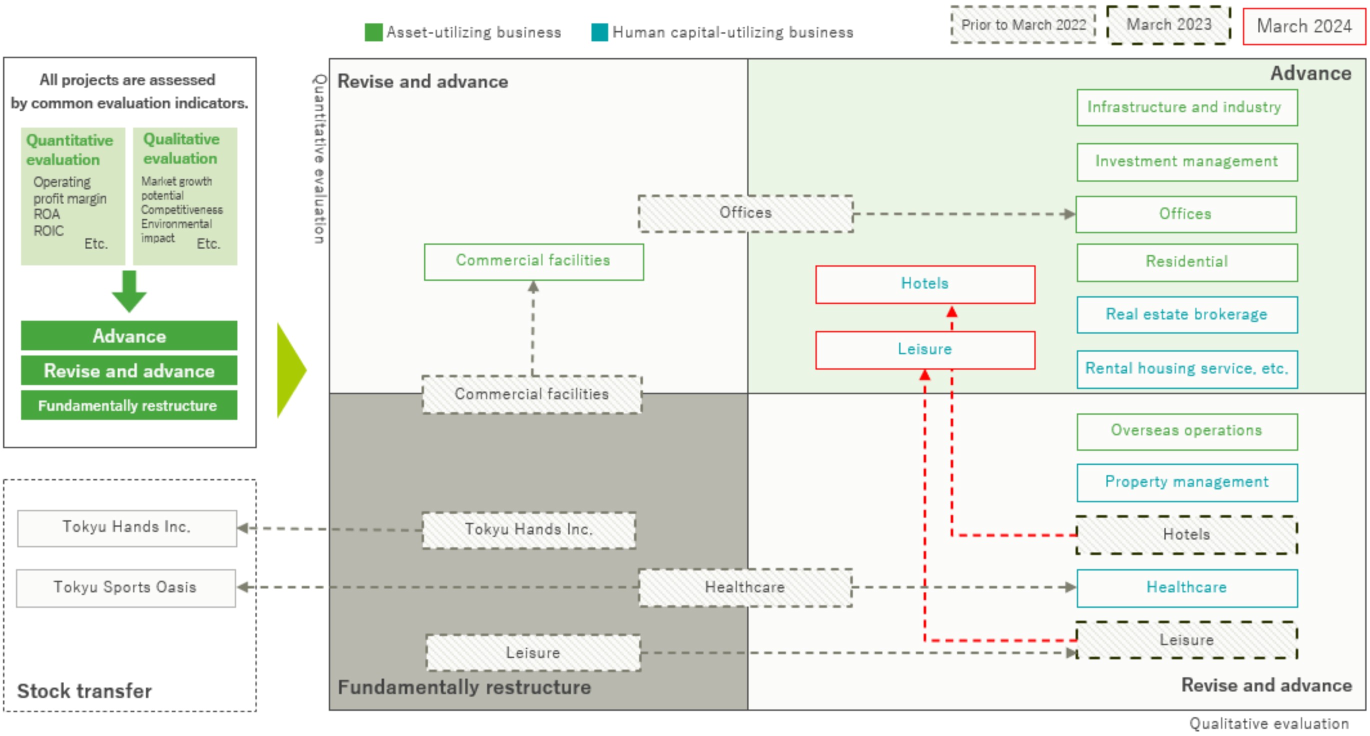
		FY2022 (Result)	FY2023 (Latest forecast)	FY2023 (Result)	FY2024 (Forecast)	FY2025 (Target)
Efficiency	ROE	7.3%	8.9%	9.6%	9.0%	9%
	ROA	4.1%	4.1%	4.2%	4.2%	4%
	EPS	¥67.21	¥90.10	¥96.40	¥98.27	¥90 or more
Profit targets	Operating profit	¥110.4 billion	¥115 billion	¥120.2 billion	¥130 billion	¥120 billion
	Net profit*	¥48.2 billion	¥64 billion	¥68.5 billion	¥70 billion	¥65 billion
Financial soundness	D/E ratio	2.2x	2.2x	2.1x	2.1x	2.2x or less
	EBITDA multiple	9.3x	10.0x	9.4x	9.4x	10x or less
Asset-utilizing business** ROA		3.5%	3.0%	3.0%	3.1%	3.6%
Human capital-utilizing business** operating profit margin		7.7%	8.8%	9.3%	9.8%	8.1%

* Profit attributable to owners of parent. **Asset-utilizing business: Urban Development and Strategic Investment business
Human capital-utilizing business: Property Management and Operation business and Real Estate Agents business

(ii) Progress in business portfolio management

We have now completed the structural reform of businesses that were identified as requiring fundamental restructuring when formulating our medium-term management plan for FY2022. For FY2023, our hotels and leisure facilities businesses are capturing strong domestic and inbound demand and are seeing a significant improvement in profits.

Going forward, we will continue to promote reform and growth in each business with a primary focus on "improving earning power and efficiency," centering on the businesses positioned as "Revise and Advance" in the upper left and lower right.

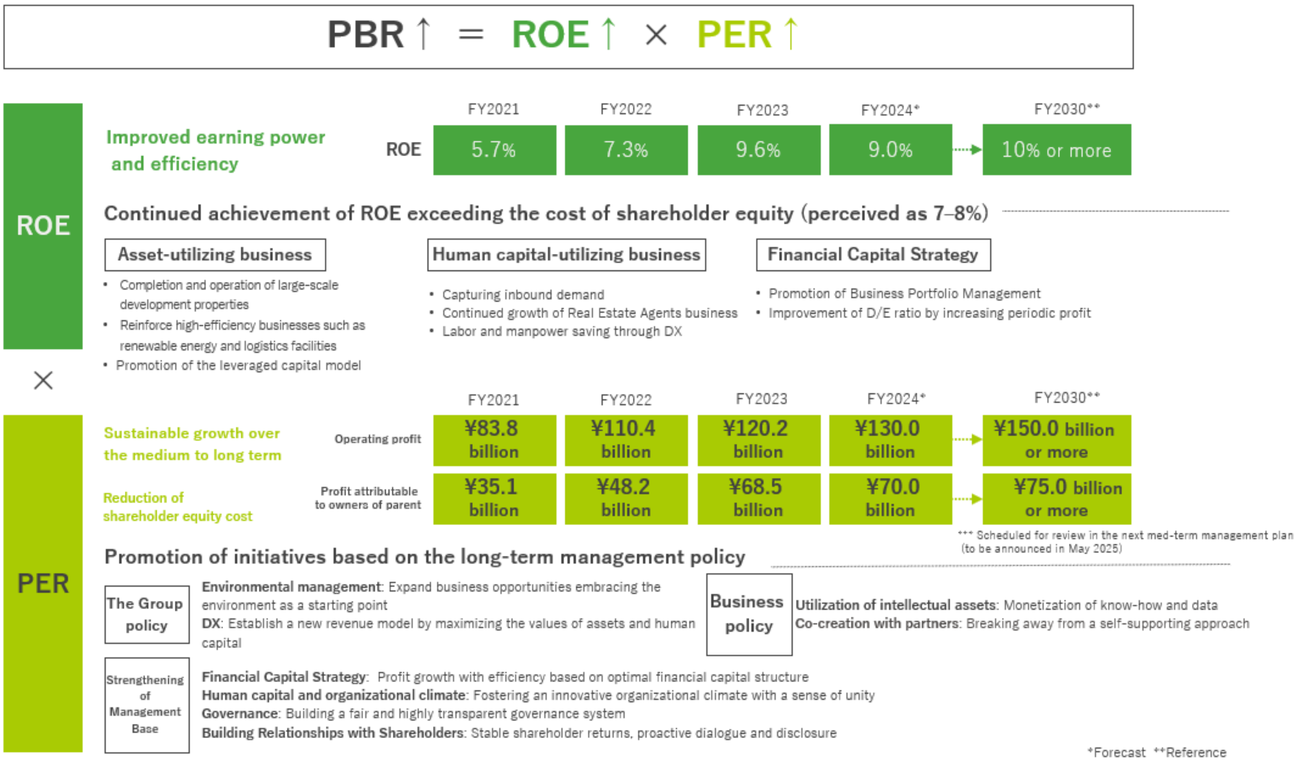


* Quantitative evaluation is assumed to be done by the end of FY2023 and the Budget of FY2024, and qualitative evaluation is assumed to be done by the mid-2020s.

(iii) Initiatives to enhance corporate value and market valuation

In order to improve our corporate value and market valuation, we will promote the initiatives described above in each business and strive to improve our earning power and efficiency, and continue to achieve an ROE that exceeds the cost of shareholders' equity.

In order to sustain growth over the medium to long term, we will also promote initiatives such as "environmental management" and "digital transformation" as outlined in our "long-term management policy."We will continue to formulate our next medium-term period in order to provide a clear path to growth so that shareholders and investors will have even higher expectations for the Group's growth.



(2) Approach and Initiatives Regarding Sustainability

The Group's approach to sustainability and associated initiatives are as follows.

Please note that items regarding the future that are contained in the below text reflect judgments of the Group as of the end of the consolidated fiscal year under review.

① Sustainability strategies

The Group has formulated "Sustainability Vision" and "Sustainability Policy". The Group will address social issues through its business activities and aim to achieve a sustainable society and growth alongside its stakeholders. Under GROUP VISION 2030, the long-term vision that it formulated in FY2021 ("long-term vision" below), with a view to realizing its ideal shape in the form of "a corporate group that continues to create value," the Group will endeavor towards the continuous improvement of its corporate value as it positions non-financial initiatives as a priority management challenge and reinforces them on an ongoing basis. With a view to the next generation and the generation to follow that one, it will proceed to realize the formation of attractive, enriched environments and the development of cities that are loved well into the future.

Additionally, as a supporter of the UN Global Compact, the Group is promoting responsible management based on Ten Principles under four categories: human rights, labor, the environment and the prevention of corruption, and has set forth an "Environmental Vision," the "Tokyu Fudosan Holdings Group Human Rights Policy" ("Human Rights Policy" below) and the "Tokyu Fudosan Holdings Group Sustainable Procurement Policy" ("Sustainable Procurement Policy" below).

<Sustainability Vision/Sustainability Policy>

Sustainability Vision

We solve issues in the society through our business activities and work with stakeholders to realize a sustainable society and growth.

Sustainability Policy

- We strive for environmental and economic harmony through our business activities.
- We endeavor to collaborate properly with stakeholders and maintain and strengthen relationships with them.
- We pursue sound and highly transparent management and actively disclose sustainability information.

<Environmental Vision>

Creating Cities
Co-Existing with Nature
Creating a Future
for People

TOKYU FUDOSAN HOLDINGS GROUP

Environmental Vision

Basic Policy developed in 1998, revised in 2015

- **Environmental Philosophy**
  We will create value to connect cities and nature, and people with the future.
- **Environmental Policy**
  We will make efforts to harmonize the environment and the economy through business activities.
- **Environmental Action**
  We will tackle five environmental issues from three viewpoints.

Three viewpoints

- Publicize a goal and implement action.
- Endeavor to implement progressive activities.
- Conduct community-based activities in collaboration with local people.

Five environmental issues

- Climate Change
- Biodiversity Conservation
- Pollution and Resources
- Water Use
- Supply Chain

[Human Rights Policy]

URL:

https://sustainability-cms-tokyu-s3.s3-ap-northeast-1.amazonaws.com/uploads/response_file/file/87/human_rights_policy_E.pdf

[Sustainable Procurement Policy]

URL:

https://sustainability-cms-tokyu-s3.s3-ap-northeast-1.amazonaws.com/uploads/response_file/file/109/procurement_policy_E.pdf (i)Governance

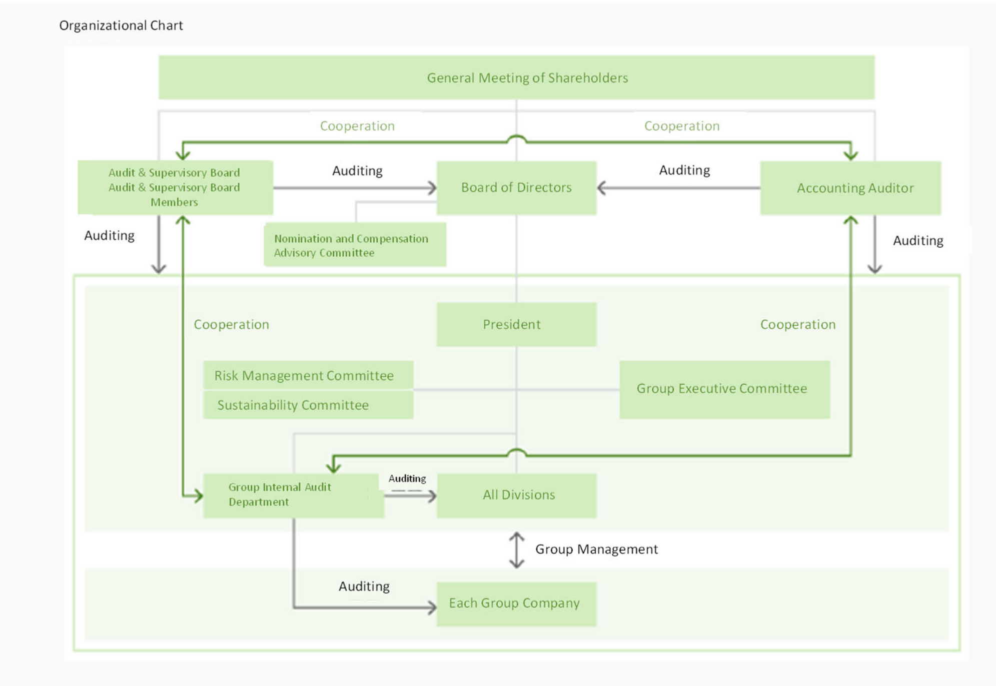
We are working to build a sound and transparent governance system to enable swift decision-making on environmental and social issues. In order to ensure a Group policy response, we have established the Sustainability Committee and the Risk Management Committee, both of which are chaired by the President and CEO, and hold regular meetings twice a year. Each committee formulates policies*, goals (KPIs), and action plans for important issues, such as environmental issues including climate change, social issues including human rights and DE&I, and compliance, not only for our own company but also for the entire supply chain and value chain. The committees also identify, evaluate, plan, and confirm performance for opportunities and risks, and reports the results of its deliberations to the Board of Directors.

The Board of Directors receives reports from each committee regarding the above important issues and oversees the execution of business operations.

When selecting directors, seven areas of expertise and experience, including Environment and Sustainability, are taken into consideration. Additionally, ESG initiatives are taken into account when determining directors' remuneration.

* Policies that aim to work with suppliers to address environmental issues and prevent and mitigate human rights risks, such as those related to the rights of local residents and indigenous peoples, and those related to forced labor and child labor. The Human Rights Policy, Sustainable Procurement Policy, Biodiversity Policy, and other policies.

<Organizational Chart>



(ii)Strategies

In formulating its long-term vision, after extracting priority social challenges, the Group identified six materialities based on the will of its management team and stakeholders (*See P.4 for details). For each of those materialities, it has sorted out risks and opportunities and established the shape it will seek to materialize by 2030, and is taking action to that end through its business activities.

Additionally, by creating diverse value for its customers and society at large through the implementation of themed measures in its supply chain and value chain as a whole in addition to its own businesses, the Group endeavors to boost the satisfaction level of all its stakeholders as it aims to achieve a sustainable society and elevate the value of the Group.

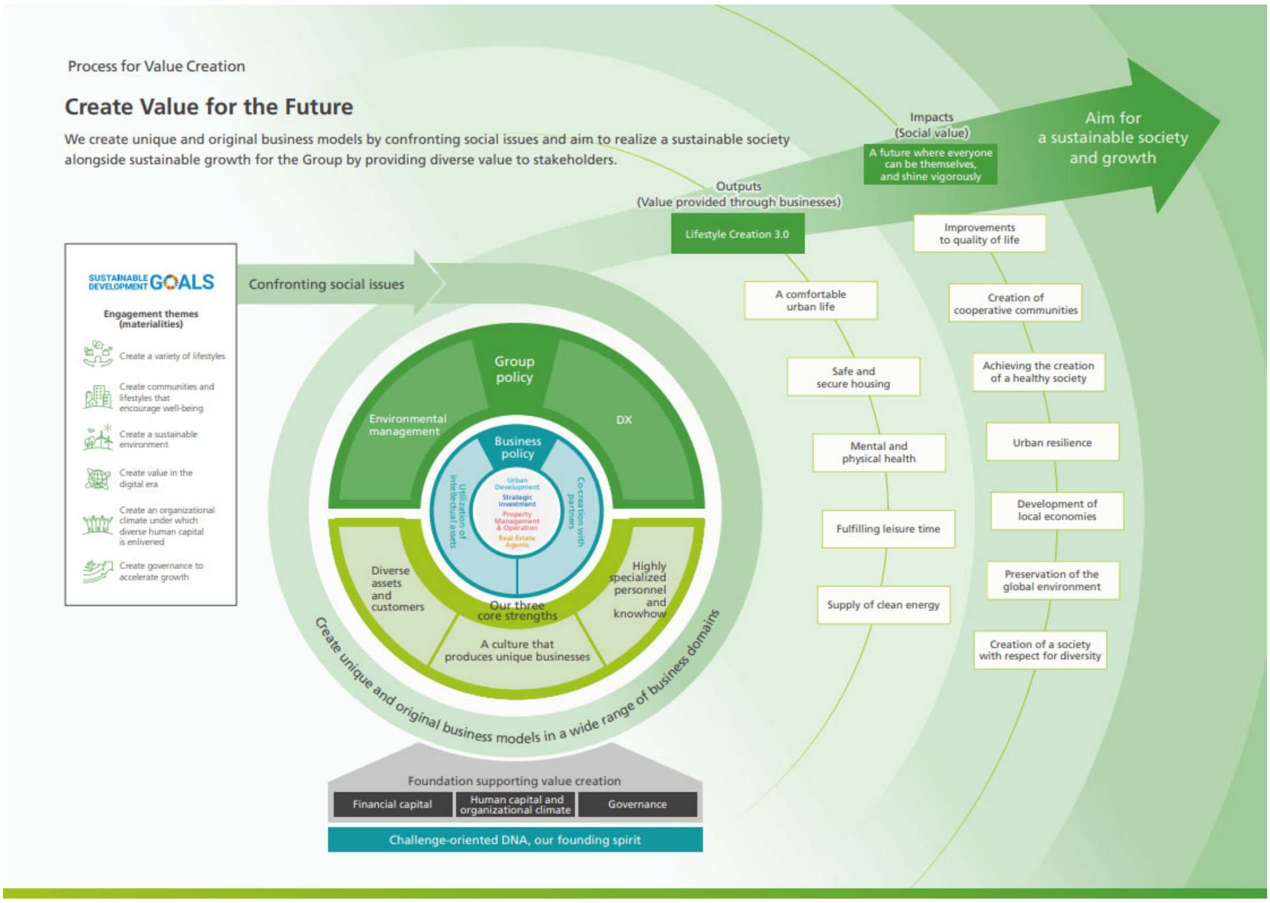
<Opportunities and Risks in Themes to Work on for Value Creation (Materiality)>

Main social issues

- Diversification of lifestyles and normalization of IT use
- Greater demand for customer/consumer orientation and disclosure of information on products and services
- Growing need for the realization of a sustainable society (addressing issues such as disasters, resource shortages, and population decline)
- Increases in Japan's existing housing and building stock and in the number of dilapidated and abandoned houses
- Reform and revitalization of regional communities
- Growing seriousness of climate change
- Shift to sustainable energy
- Growing need to create innovation and transform business models through DX
- Advancement of social diversity and the active participation of women in the workforce
- Human resources shortages and the growing need of personnel development
- Diversification of workstyles and an increasing need to improve working conditions and environments
- Growing importance to factor ESG into corporate management

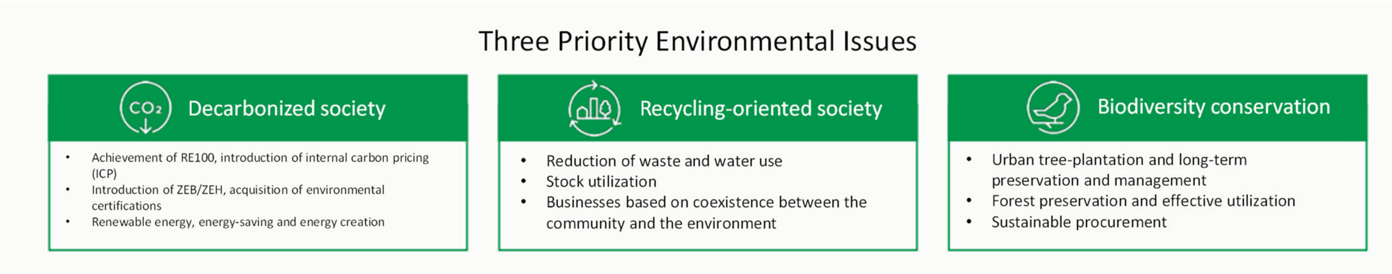
Materialities	SDGs targets	Main opportunities	Main risks
Create a variety of lifestyles (Lifestyle) We will help people to enjoy lives that are both physically and mentally vibrant by promoting Lifestyle Creation 3.0, a combination of home, work and play styles.	5, 8, 10, 12	• Diversification of work styles, home styles and play styles • Fusion of all manner of lifestyle scenes	• Mismatch to consumer needs • Declining efficiency accompanying response to segmentalized needs
Create communities and lifestyles that encourage well-being (Liveable City) We will realize a society where everyone can feel happy by building secure, safe and comfortable life infrastructure and creating communities where people help each other.	3, 11	• Increasing importance of community creation • Growing need for disaster preparedness and disaster damage reduction • Increasing awareness regarding mental and physical health issues	• Declining attractiveness of some cities due to intensifying competition between cities • Declining attractiveness of cities due to community decline • Decreasing asset values due to insufficient maintenance and management
Create a sustainable environment (Environment) As an environmentally advanced company, we will create a carbon-free and recycle-oriented society by addressing global issues such as climate change.	7, 13, 15	• Growing need to respond to a decarbonized and recycling-oriented society • Increasing funding from ESG investors	• Escalation of climate change and natural disasters • Increasing costs due to environmental restrictions, etc.
Create value in the digital era (DX) We will transform our business models by utilizing digital technologies to create new experience value for customers.	9, 17	• Increasing importance of utilizing customer contact points • Improving scalability of services provided	• Declining position of real experiences due to enhancement of virtual experiences • Appearance of disruptors to existing businesses
Create an organizational climate under which diverse human capital is enlivened (Human Capital) We will continue to create innovation through an organizational climate that respects human rights and under which diverse human capital can exercise their abilities.	5, 8, 10	• Increasing opportunities to secure diverse human capital • Emergence of innovation due to diversification	• Intensifying competition and increasing costs in the human capital market • Declining reputation due to the occurrence of human rights issues
Create governance to accelerate growth (Governance) As a group trusted by all stakeholders, we will aim to enhance our corporate value sustainably by increasing management transparency and fairness.	16	• Strengthening relationships with stakeholders by improving transparency • Increasing funding from ESG investors	• Increasing cost of fund procurement • Decline in confidence due to legal violations

＜Process for Value Creation＞



In particular, for “creating a sustainable environment,” which constitutes one of those materialities, the Group has established “decarbonized society,” “recycling-oriented society” and “biodiversity” as three priority environmental challenges under “environmental management,” one of the Group Policies under its long-term management policy, and is presently taking action with a focus on those challenges.

＜Three Priority Environmental Challenges＞



Moreover, for “create an organizational climate under which diverse human capital is enlivened,” the Group is aiming to maximize its value by implementing human capital strategies through human capital management, and is endeavoring to prevent and mitigate human rights risk by respecting human rights and performing associated due diligence.

(iii)Risk management

We have recognized eight individual risks, including climate change risk, as being of high importance. The Risk Management Committee comprehensively manages the risk management carried out by each Group company, with the Board of Directors providing oversight. In addition, we have identified important risks related to the six material issues set out in our long-term vision, GROUP VISION 2030, and designated departments responsible for each individual risk based on the Basic Regulations on Risk Management. These departments then oversee the risk management system and operational status within the Group (See 3. Business Risks for details).

The Sustainability Committee manages important sustainability issues, including environmental and social issues, in a unified manner and is overseen by the Board of Directors.

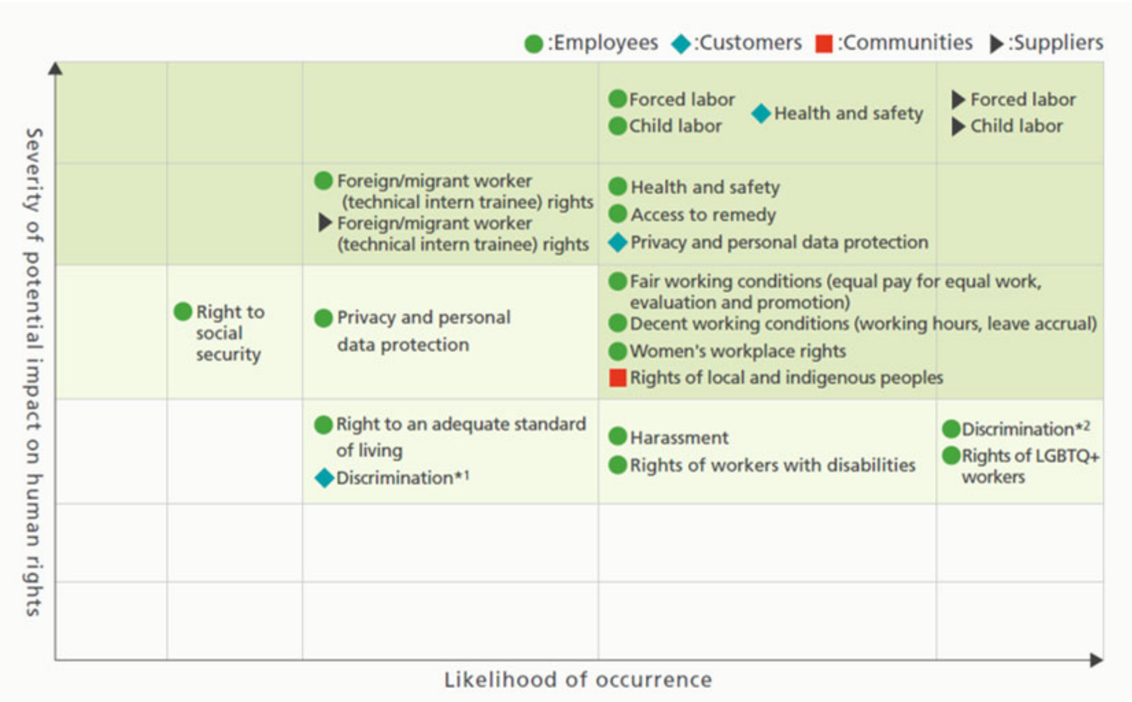
(Climate change risk)

We identify the impact of transition risks, including current and new laws and regulations throughout the supply chain. We also identify physical risks due to the progression of climate change and reflect them in the strategies of each business.

(Human rights and procurement risks)

Based on our Human Rights Policy and Sustainable Procurement Policy, we conducted a human rights risk assessment for our own company and stakeholders, including our supply chain, and identified forced labor, child labor, and other issues as significant human rights issues. In particular, we view construction companies as important stakeholders and conduct human rights due diligence to address priority human rights issues in the supply chain.

<Human Rights Risk Map>



*1 Risks to customers: Discrimination when using customer service, discrimination through expressions in advertisements and promotions, etc.

*2 Risks to employees: Discrimination based on nationality, race, religion, ideology, sex, age, sexual orientation/gender identity, disability, etc.

(Biodiversity and nature-related issues)

Taking into account the characteristics of the regions and natural environments involved in our value chain, we identify the impact of physical and transition risks and opportunities and reflect them in the strategies of each business.

(iv)Metrics and targets

Under its long-term vision, the Group has set KPI targets to reach by FY2030 for each of its materialities, and is monitoring their progress as well as implementing cross-Group efforts together with a PDCA cycle with a view to reaching both its financial and non-financial KPI targets.

<Materialities and KPI Targets>

Themes to work on (Materialities)	Target indicators	FY2023 Result	FY2025 Targets	(FYI)FY2030 Targets
Create a variety of lifestyles (Lifestyle)	・Customer satisfaction level*	92.8%	90% or more	90% or more
	・Products and services that contribute to Lifestyles Creation 3.0	Total 50 cases**** (FY2023 25 cases)	50 cases or more (10/year)	100 cases or more (10/year)
Create communities and lifestyles that encourage well-being (Liveable City)	・Measures to revitalize communities	Total 64 cases **** (FY2023 26 cases)	50 cases or more (10/year)	100 cases or more (10/year)
	・Strengthening buildings safety and security**	100%	100%	100%
Create a sustainable environment (Environment)	・CO_2 emissions (compared with FY2019)	Under compilation	Scope1,2: (50)% or more Scope3: Reduction through cooperation with construction companies, etc.	(46.2)% (SBT certification)
	・Environmental efforts through business	Total 70 cases **** (FY2023 34 cases)	50 cases or more (10/year)	100cases or more (10/year)
Create value in the digital era (DX)	・Number of initiatives for digital utilization	Total 101 cases **** (FY2023 58 cases)	50 cases or more (10/year)	100cases or more (10/year)
	・Acquisition of IT passport***	84%	80% or more	100%
Create an organizational climate under which diverse human capital is enlivened (Human Capital)	・Ensuring of diversity in the core human capital (ratio of female managers)	9%	9% or more	20% or more
	・Deepened DE&I understanding (E-learning attendance rate)	96%	100%	100%
Create governance to accelerate growth (Governance)	・Engagement with shareholders and investors	325 cases	290 cases or more	300 cases or more
	・Improvement of effectiveness of the Board of Directions (third party evaluation)	100%	100%	100%

* Tokyu Cosmos Members Club Questionnaire survey
** Support people who have difficulty returning home in the event of a disaster in a large and non-residential building, etc.
*** Tokyu Land Corporation employees
**** Cumulative results since FY2021
*****FY2023 results include results prior to third-party verification and are subject to change.

*Results for FY2023 also include results that predate the acquisition of third-party verification, and as such constitute approximations.

② Addressing climate change and biodiversity/nature-related issues (Initiatives in response to TCFD recommendations and TNFD recommendations)

In order to link environmental initiatives to enhanced corporate value, our Group has made Environmental Management a Group policy, long-term management policy, and is working to create lifestyles that contribute to the realization of a carbon-free society and the environment. We believe that nature-related issues, including climate change and biodiversity, pose risks to the business activities of the Group, but at the same time, they also present new business opportunities.

With regard to “climate change,” in light of the importance of disclosing climate-related financial information, we endorsed the TCFD recommendations in March 2019 and have also been participating in the TCFD Consortium, a domestic organization that discusses TCFD initiatives.

In addition, with regard to “biodiversity and nature-related issues,” in order to understand and disclose dependencies and impacts, as well as risks and opportunities related to natural capital in our business, we have participated in the TNFD Forum since June 2023. In August 2023, we became the first company in the domestic real estate industry to formulate a report based on the Task Force on Nature-related Financial Disclosures (TNFD) (in accordance with its beta frameworks). In January 2024, we released the second edition of the report, referring to the TNFD Final Recommendations v1.0 published by the TNFD in September 2023.

(i)Governance

Please see ① Governance under (i)Sustainability strategies above.

(ii)Strategies

1) Climate change

In line with the TCFD recommendations, we recognize the material issues surrounding climate change in a wide range of our business areas and identify opportunities and risks through analyses of three scenarios (1.5°C, 3°C, and 4°C). In addition, we assessed the importance of each issue by understanding the impact on our business strategy and financial plan, and formulated our Transition Plan toward Decarbonized Society in FY 2023 in line with guidance from the TCFD and other sources. We are working to reflect this in the measures in each business.

In addition, Tokyu Land Corporation has leveraged the strength of its large-scale renewable energy business to complete the switchover to renewable energy for the electricity used (*1) at its business offices and facilities (*2) in December 2022. The company subsequently met the RE100 targets and its performance was reported in the RE100 2023 Annual Disclosure Report published in March 2024 by the RE100 secretariat. In April 2024, it became the first domestic business company (*3) to receive the RE100 certification from CDP, which administers RE100.

*Information disclosure in response to TCFD recommendations:
https://tokyu-fudosan-hd-csr.disclosure.site/en/environment/tcfd

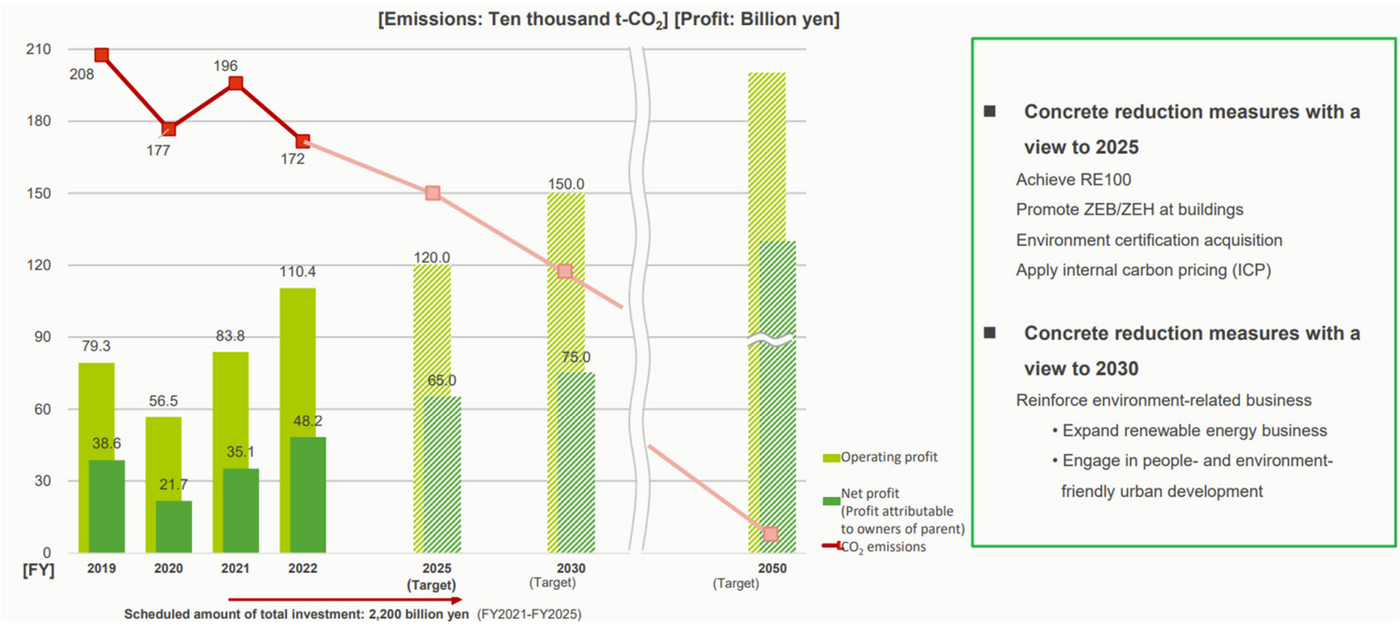
* Transition Plan toward Decarbonized Society:
https://tokyu-fudosan-hd-csr.disclosure.site/en/environment/transition-plan

(*1) An international initiative through which globally-influential corporations and organizations aim to realize complete transition of the electric power that they consume in their businesses to renewable energy by the year 2050 at the latest.

(*2) Excludes financial institutions.

(*3) Excludes electricity generated by on-site cogeneration, as there is no domestic green gas market recognized by RE100.

<Roadmap for achieving a decarbonized society>



* Excerpt from the Transition Plan toward Decarbonized Society (formulated in July 2023).

<Priority Issues Posed by Climate Change>

Classification	Types	Material issues	Serious impact
Current regulation	Current regulation	Energy conservation reporting requirement Energy Efficient Building Codes	
	Emerging Regulation	More stringent GHG emission reduction regulations Carbon taxation	○
	Technologies	Increase in construction and renovation costs for ZEB/ZEH	○
	Legal costs	Credit purchase under Tokyo Cap-and-Trade Program	
	Market	Delayed response to price trend reflecting environmental value Increasing energy cost	○
	Reputation	Changing attitudes of customers and investors	
Physical risks	Acute	Intensified extreme weather events	
	Chronic	Rising temperature / sea level	
Opportunities	Resource efficiency	Transition to high-efficiency buildings, Recycling	
	Energy source	Wider use of renewable energy source, government subsidies	○
	Products / services	Expanding low carbon products/services	
	Market	Utilization ESG finance	○
	Resilience	Energy conservation renovation of operating assets, BCP compliance	

<Climate Change Scenario Analysis>

Businesses subject to climate change scenario analysis: urban development, leisure, residential, renewable energy

Target period: mid-term (2030), long-term (2050)

Excerpt See website for details	1.5°C	3°C	4°C
• **Transition risks** Policy and legal, technology, markets, reputation • **Opportunities** Energy sources, products and services, market	**Risks and opportunities / financial impact** • Financial impact is considerable in the medium term due to carbon pricing and ZEB/ZEH compliance costs, but in the long term, ZEB conversion will be completed, securing a competitive advantage and increasing rental income. • Demand for renewable electricity grows. **Strategy** • Expand business in response to increasing demand for renewable electricity. Leisure business to utilize local natural energy. • Promote conversion of new buildings to ZEB/ZEH and upgrades of equipment at existing operating facilities. Differentiate through the early introduction of renewable electricity.	**Risks and opportunities / financial impact** • In the medium term, ZEB/ZEH conversion is less pronounced and has less financial impact than in the 1.5°C scenario, but the impact of ZEB/ZEH conversion continues to increase in the long-term. • Demand for tenant offices shrinks due to the spread of remote work. • Demand for renewable electricity grows. **Strategy** • Expand business in response to increasing demand for renewable electricity. Leisure business to utilize local natural energy. • Each business differentiates in the same way as in the 1.5°C scenario. • Expand satellite offices in anticipation of the spread of remote working.	**Risks and opportunities / financial impact** • The effects of climate change are limited in the medium term, but in the long term, the intensification of natural disasters and rising temperatures have a considerable financial impact • Higher temperatures increase construction costs and air conditioning costs during operating hours. Demand for high-efficiency housing grows. • Demand for tenant offices shrinks due to the spread of remote work. • Policy support for renewable electricity is feeble, and market trends are uncertain. **Strategy** • Expand business in response to increasing demand for renewable electricity. • Each business differentiates in the same way as in the 3°C scenario, including measures for mitigating the effects of rising temperatures. • Leisure business to offer new resort lifestyles, such as workations.
• **Physical risks** Acute, Chronic • **Opportunities** Resilience	**Risks and opportunities / financial impact** • In the long term, natural disasters due to extreme weather events will increase moderately, but the financial impact will be low. **Strategy** • Differentiate by carefully selecting building locations and strengthen BCP/LCP through collaboration with tenants and residents.	**Risks and opportunities / financial impact** • Climate change progresses faster and has a greater financial impact than in the 1.5°C scenario. **Strategy** • Each business differentiates in the same way as in the 1.5°C scenario. • Leisure business to concentrate investment in high-latitude ski resorts and use heat-tolerant turf at managed golf courses to differentiate from competing facilities.	**Risks and opportunities / financial impact** • In the long term, the impact of the rise in sea levels is greater than in the 3°C scenario. Drastic increase in damage to facilities due to natural disasters. **Strategy** • Each business differentiates in the same way as in the 3°C scenario. • Renewable energy business to maintain power generation efficiency by installing storage batteries and focus on facilities adapted for climate change.

* See our website for details of climate change risk and risks and opportunities / financial impact

URL https://tokyu-fudosan-hd-csr.disclosure.site/en/environment/tcfd/detail#279

2) Biodiversity and nature-related issues

The Group has set a goal of contributing to nature positive initiatives based on regional characteristics. We develop and manage real estate, with the goal of connecting greenery scattered throughout the city in consideration of people and nature in urban areas, and in rural areas, aiming to achieve coexistence with ecosystem services.

In August 2023, we revised our biodiversity policy, which was formulated in 2011, taking into account our Group's progress in environmental consideration and coexistence with nature to date. In addition, we have identified opportunities and risks regarding biodiversity and nature-related issues through analysis using the LEAP approach in line with the TNFD recommendations.

(i) Appearance of dependencies and impacts on nature in Group overall

With reference to the TNFD classification, we have examined an overview of the nature of dependencies and impacts and their qualitative importance for each business and value chain stage. We refer to the sector-specific ratings in ENCORE, a tool developed by the United Nations Environment Programme (UNEP), and the SBT for Nature tool.

(Impacts)

- "Terrestrial ecosystem utilization" was especially high from aspects such as land modification/occupation, etc. upon real estate development and operation.
- The likes of water use and the introduction of alien species were also high at the stages of GHG emissions, waste emissions and operation.

(Dependencies)

- In addition to supply services for the likes of water resources and building materials upon operation, cultural services such as landscape improvement and comfort were also high.
- At hotel and leisure facilities, the likes of water supply, pollination and climate regulation were high at the production stage for ingredients, etc. at the upstream of the value chain.

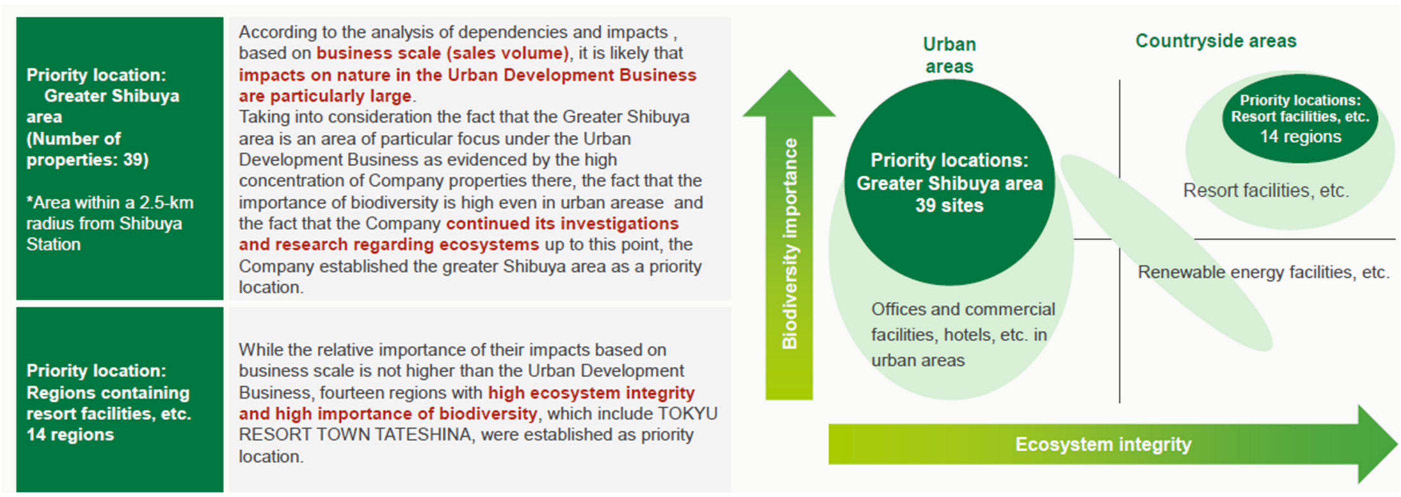
* See our website for details of the considerations.

URL https://tokyu-fudosan-hd-csr.disclosure.site/en/environment/tnfd/detail#337

(ii) Evaluation of priority locations based on address of Group properties

Within the value chain, the relationship with nature from the development to operation stages is considered to be particularly important. Therefore, we analyzed metrics related to the importance of ecosystem integrity and biodiversity, and water stress for 267 major locations owned and operated by the Group (offices and commercial facilities, hotels, leisure facilities, renewable energy facilities, etc.). As a result, we have designated the "Greater Shibuya Area*" and "14 areas including resort facilities" as priority areas.

<Evaluation of priority locations>



* Greater Shibuya Area: Refers to the area within a 2.5 km radius of Shibuya Station, as defined in the Group's community development strategy. The Group has designated the Greater Shibuya Area as a priority area.

(iii) Nature-related dependencies and impacts, and risks and opportunities in the priority area, the "Greater Shibuya Area"

(iii-A) Dependencies and impacts on nature in the value chain

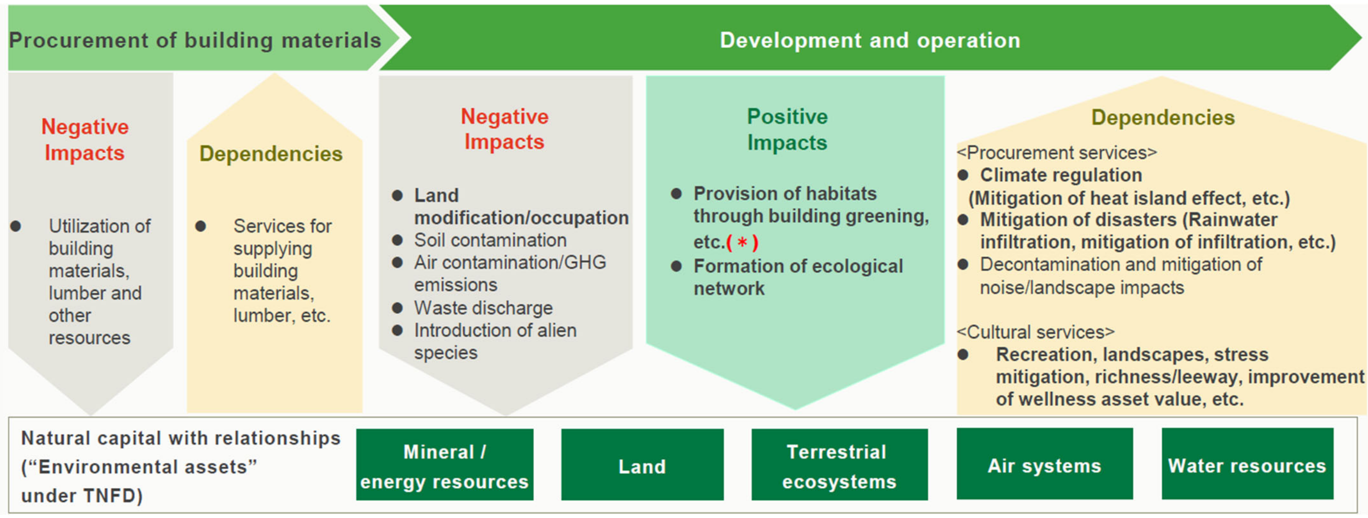
At the procurement stage for building materials, the business exerts dependencies and impacts on building materials, lumber, and other resources. At the development and operation stage for real estate, while there is a possibility that the business will exert a negative impact such as land modification and occupation, it is dependent on nature from the standpoint of regulating services (*1) such as the mitigation of the heat island effect and disasters and cultural services (*2) such as comfort, stress mitigation and recreation.

*1 Regulating services: Services that control the environment through biodiversity. Examples are the effects gained through climate regulation, the mitigation of localized disasters, the inhibition of soil erosion, and the containment of pests and sickness within the ecosystem.

*2 Cultural services: Cultural services that people can obtain by coming into contact with nature and that impact them from aesthetic, spiritual, physiological and other aspects.

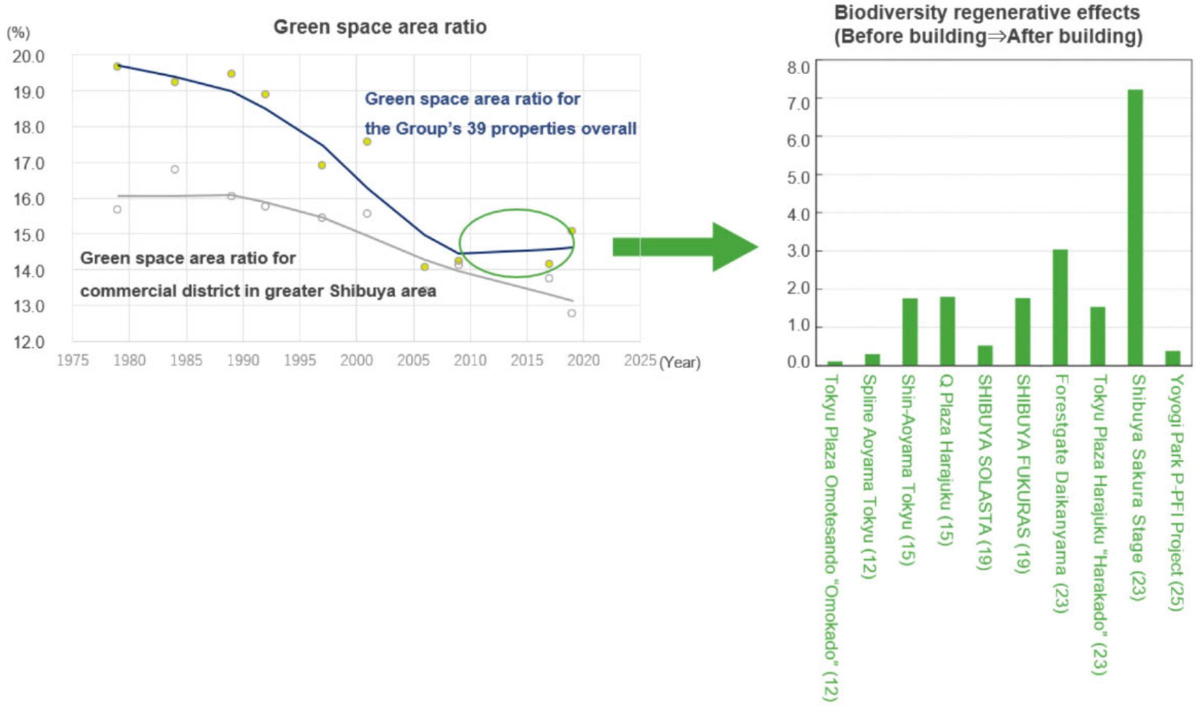
<Dependencies and impacts on nature in the value chain>

The bold text indicates dependencies and impacts that are considered to be particularly important



(*) Quantitative evaluation of impacts based on the building greening

Among the dependencies and impacts, a quantitative analysis of the impact on nature of land use and building greening was conducted using Think Nature Inc.' s analysis tools. The results showed that biodiversity regenerative effects before and after the construction of Group properties in the Greater Shibuya Area turned positive starting with properties constructed in FY2012 and beyond. At properties completed in recent years, initiatives aimed at ensuring the quantity and quality of greening, such as securing green space areas largely through urban redevelopment systems and selecting native species of trees for planting, have shown positive effects. To this end, the community planning efforts of the Group have been recognized as contributing to nature positive. In particular, the quantity and quality of greening at target properties under our Redevelopment business have been trending highly relative to facilities up to this point.



(iii-B) Evaluation of significant risks and opportunities

While physical risks due to the degradation of ecosystem services on which we depend, transition risks due to changes in regulations and the market environment, and other risks are anticipated, we also found that many nature-related opportunities may arise.

<Evaluation of significant risks and opportunities in Greater Shibuya Area>

<table>
<tr><th colspan="2">Risk classification</th><th>Main dependencies and impacts</th><th>Description of risks in Urban Development Business</th></tr>
<tr><td rowspan="2">Physical risks</td><td rowspan="2">Acute
Chronic</td><td>Mitigation of heat island effects
(Dependencies on regulation services)</td><td>Increase in A/C costs, etc. and deterioration of living/stay environment in cities due to worsening of heat island effect in line with land development by the Company and its stakeholders</td></tr>
<tr><td>Recreation; visual amenities
(Dependencies on cultural services)</td><td>Deterioration of landscapes and other drop in appeal of community and fall in its asset value due to natural degradation in line with land development by the Company and its stakeholders</td></tr>
<tr><td rowspan="6">Transition risks</td><td rowspan="3">National policies/ laws</td><td>Procurement of building materials, lumber and other resources
(Impacts on nature)</td><td>Shortage in building materials, lumber, etc. and increase in procurement costs due to stronger regulations related to land modification and resource extraction for the sake of protecting nature</td></tr>
<tr><td rowspan="3">Land modification and occupation due to development and operation of offices, commercial facilities, and other properties
(Impacts on terrestrial ecosystem)</td><td>Increase in costs to accommodate regulations due to stronger regulations calling for improved greening ratios at properties</td></tr>
<tr><td>Increase in handling costs due to introduction and/or reinforcement of regulations/national policies calling for enhancement of green quality, such as through consideration towards ecological network formation or planting of native species</td></tr>
<tr><td>Market</td><td>Growth in preferences of customers and tenants towards properties that exert positive impact on nature through limited negative impact on nature/enhanced quantity and quality of green, ecological network formation, etc. (risk)</td></tr>
<tr><td>Technology</td><td>Utilization of water, building materials, etc.
(Impacts from resource utilization)</td><td>Increase in costs for introducing building technology with high resource/energy efficiency and low environmental footprint</td></tr>
<tr><td>Reputational</td><td>Negative impact from land modification/occupation, contamination, waste discharge, introduction of alien species, etc.</td><td>Criticism and/or litigation addressing development and/or operation that exerts negative impact on the community's ecosystem or landscape or on its cultural services involving nature</td></tr>
</table>

<table>
<tr><th colspan="3">Classification of opportunities</th><th>Main dependencies and impacts
Impacts</th><th>Description of opportunities in Urban Development Business</th></tr>
<tr><td rowspan="6">Opportunities</td><td rowspan="3">Market</td><td>Customers/tenants</td><td rowspan="6">Lowering of negative impact such as land modification/occupation, contamination and waste discharge

Positive impact on ecosystems (and ecosystem services) such as provision of habitats through greening and ecological network formation</td><td>Growth in preferences of customers and tenants towards properties that exert positive impact on nature through limited negative impact on nature/enhanced quantity and quality of green, developments in greening technology, ecological network formation, etc.</td></tr>
<tr><td>National policies/ laws</td><td>Gaining of national policy-based support and incentives for quality and quantity of green spaces under Urban Development Business</td></tr>
<tr><td>Capital flow/ finance</td><td>Increase in investments in real estate that exert positive impact on nature through limited negative impact on nature/enhanced quantity and quality of green, developments in greening technology, ecological network formation, etc.</td></tr>
<tr><td rowspan="3">Reputational Capital</td><td>Corporate value</td><td>Improvement in Company's reputation and corporate value through businesses activities that reduce negative impact on nature and exert positive impact through ecosystem-conscious real estate development, sustainable resource procurement, the reduction of contamination, etc.</td></tr>
<tr><td rowspan="2">Engagement/ community value</td><td>Improvement in relationships with local community through development and operation efforts that exert positive impact on nature through development/operation with limited negative impact on nature/enhanced quantity and quality of green, developments in greening technology, ecological network formation, etc.</td></tr>
<tr><td>Increase in appeal of entire community and improvement in its brand value and asset value through business operation that draws out the appeal of the nature in the community</td></tr>
</table>

(iii) Risk management
See (1) Sustainability Strategy > [3] Risk Management above.

(iv) Metrics and targets
1) Climate change

The Group aims to contribute to realizing a decarbonized society through its business activities and has set medium- and long-term targets regarding climate change.

[Medium-term target] Aim to achieve Carbon Minus by 2025, in which the amount of CO_2 reductions from renewable energy businesses and other sources exceeds the amount of CO_2 emissions within the company (Scope 1 and 2).
[Long-term target]Aim to achieve the 1.5 °C Target of the Science Based Targets (SBT), which are science-based reduction targets, within our own company and supply chain (Scope 1, 2, and 3) by 2030, and realize net zero emissions by 2050.

For the mid-term target, we have achieved it in FY 2021 and 2022 and will continue our efforts in the future.

In addition, Tokyu Land Corporation has leveraged the strengths of its large-scale renewable energy business to complete the switch of all electricity used (*1) at its business offices and facilities (*2) to renewable energy sources in December 2022. This allowed us to become the first domestic business company (*3) to achieve RE100, becoming certified by CDP, which administers RE100, in 2024. This initiative helps reduce annual CO_2 emissions by approximately 130,000 tons, equivalent to CO_2 emissions from about 70,000 average households.
(*1) Excludes electricity generated by on-site cogeneration, as there is no domestic green gas market recognized by RE100.
(*2) Excludes projects scheduled for sale or demolition that are not covered by RE100 and certain joint-venture projects for which we do not have energy management authority.
(*3) Excludes financial institutions.

Greenhouse gas (GHG) emissions in the Group are as follows.

<Actual and targeted GHG emissions and reduction rates>

(unit：thousand t-CO2)

	FY2021		FY2022	
	GHG(CO2) emissions	Composition ratio	GHG(CO2) emissions	Composition ratio
Scope 1 (Includes CFCs Leakage)	65	3%	56	3%
Scope 2	192	9%	84	4%
Subtotal	257	12%	140	7%
Scope 3	1,802	88%	1,739	93%
Category1・2・11	1,701	83%	1,626	87%
Other categories	101	5%	113	6%
Total amount	2,059	100%	1,879	100%

＜Reduction rate compared to FY2019(KPI)＞

	Actual		Targets(※)
	FY2021	FY2022	FY2030
Subtotal (Scope 1・2)	-9%	-51%	-46.2%
Category1・2・11	-5%	-9%	-46.2%

(※)Goal setting based on SBT

<Breakdown of GHG Emissions Scope 3 according to category>

(unit：thousand t-CO2)

	GHG(CO2) emissions	
	FY2021	FY2022
1 Purchased Goods & Services	998	798
2 Capital Goods	117	270
3 Fuel- and energy-related Activities (not included in scope 1 or scope 2)	44	37
4 Upstream transportation and distribution	0	2
5 Waste Generated in Operations	19	16
6 Business Travel	3	4
7 Employee Commuting	10	9
8 Upstream leased assets	—	3
11 Use of Sold Products	586	559
12 End-of-Life Treatment of Sold Products	13	11
13 Downstream leased assets	12	31
Total amount	1,802	1,739

※The following categories have no corresponding emissions.
9 Downstream transportation and distribution, 10 Processing of Sold Products,
14 Franchises,15 Investments

2) Biodiversity and nature-related issues

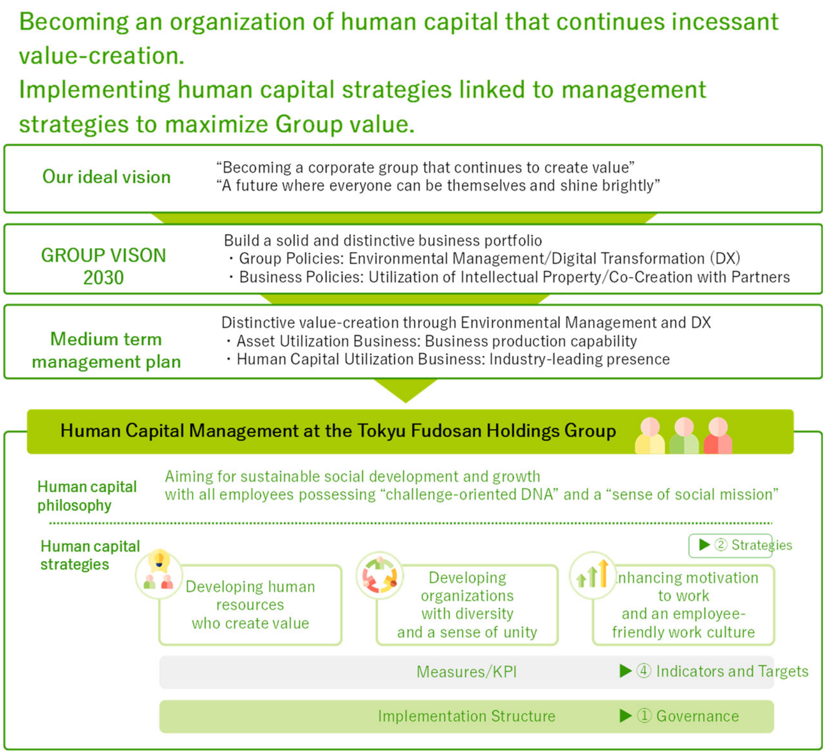
See our website for targets and achievements regarding biodiversity and nature-related issues.

URL https://tokyu-fudosan-hd-csr.disclosure.site/en/environment/tnfd/detail#339

③Human capital management

"Human capital management" in the Group refers to the act of working towards the sustained improvement of value by formulating and executing human capital strategies linked to management strategies with a view to the GROUP VISION 2030 and the medium-term management plan 2025. The Group aims to "become a corporate group that continues to create value" and "realize a future where everyone can be themselves and shine vigorously" by making aggressive investments based on the perception that the knowledge, skills and ambition of its approximately 30,000 employees spread over 100 companies constitute "human capital."

<Approach to human capital management>

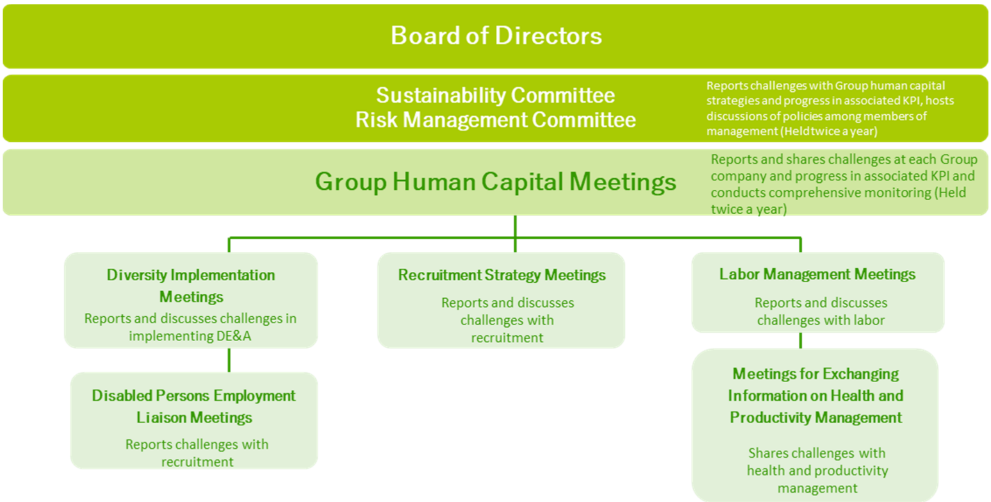


(i) Governance

In order to establish linkage between the Group's human capital strategies and management strategies, at meetings of the Sustainability Committee and Risk Management Community, discussions on policy are held among members of management following reports on challenges with human capital strategies and progress in KPI, the results of which are reported at meetings of the Board of Directors.

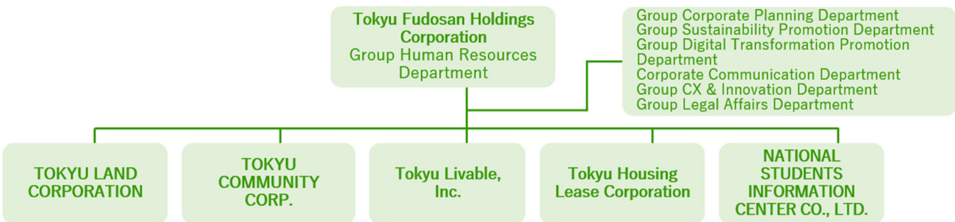
In implementing human capital strategies, the Group Human Resources Department leads and manages the human resources departments of the Group's five main companies. For the Group's specific monitoring functions, Group Human Capital Meetings convene twice a year to report and share challenges at each Group company and progress in associated KPI. Coupled with the individual sub-committee meetings held for each of the three themes of diversity, recruitment and labor management, the Group has a structure in place that enables it to steadily execute human capital strategies.

<Human capital strategy implementation structure>



In addition to promoting the Group's human resources strategy across the entire Group, each company is enhancing initiatives that are optimal for its business model. To ensure that strategies for management, business operation, and human resources are all consistent, our corporate divisions, led by the Group Human Resources Department and Group Corporate Planning Department, work together to support the promotion of each company's human resources policies.

<Group Promotion System>



(ii) Strategy

With view towards realizing our ideal vision, the Group has espoused “aiming to achieve sustainable social development and growth with all of its employees possessing a challenge-oriented DNA and sense of purpose in engaging society” as its human capital philosophy. Based on that, the Group is pursuing the following three human capital strategies: “developing human resources who create value,” “developing organizations with diversity and a sense of unity” and “enhancing motivation to work and ease of working.”

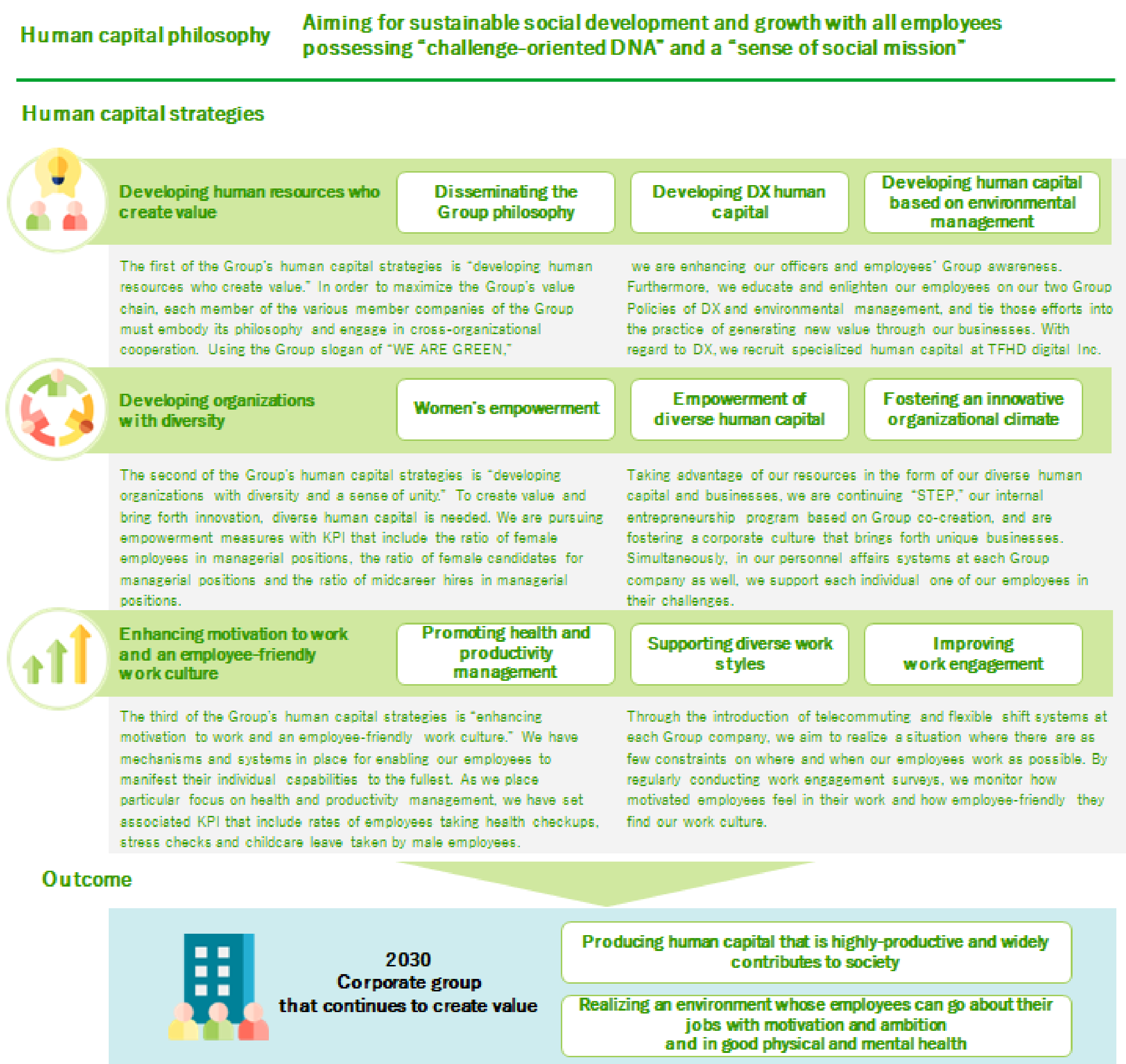
The first of these strategies, “developing human capitals who create value,” constitutes the Group’s policy on human capital development based on the Group philosophy and its management strategies. In addition to endeavoring to disseminate the Group philosophy with a view to realizing the GROUP VISION 2030, our long-term management policy, the Group is espousing the development of digital transformation (DX) human capital and human capital development based on environmental management, the two of which link to its Basic Policies.

The second of those strategies, “developing organizations with diversity and a sense of unity,” constitutes the Group’s policy on the development of an internal environment to support value creation in the Group. In addition to women’s empowerment that includes elevating the ratio of female employees in managerial positions as well as the empowerment of diverse human capital through Diversity, Equity & Inclusion (DE&I), the Group believes the fostering of an innovative corporate climate to be an essential element in the embodiment of challenge-oriented DNA and value creation in the Group.

The third and final human capital strategy, “enhancing motivation to work and ease of working,” constitutes the Group’s policy on the development of an internal environment to support each individual employee. In addition to promoting health management and supporting diverse workstyles tailored to employees’ life stage, the Group also engages in and monitors the improvement of work engagement as a priority measure from the standpoint of work satisfaction.

By tackling these three human capital strategies, the Group will realize an environment in which its employees can go about their jobs with motivation and ambition and in good physical and mental health as well as produce highly-productive human capital that widely contributes to society. The Group will proceed to tie its human capital management endeavors into its future in the form of "becoming a corporate group that continues to create value" by 2030.

<Human capital philosophy and human capital strategies>



a. The Group initiatives

・Dissemination of Group philosophy

"WE ARE GREEN" is the Group slogan, which expresses our commitment to realizing our ideal vision for 2030 through the power of diverse green initiatives. In order to deliver and spread a unified message, we hold a monthly WE ARE GREEN meeting where the public relations offices of each company gather. In FY 2023, based on the voting results of Group employees (a total of 1,497 people), we produced custom-made eco-bags as employee goods and distributed approximately 27,000 of them.

The Group Inner Survey (in an e-learning format) aims to raise awareness among the Group employees and, particularly for operating officers of the Group's companies, measures their degree of personal investment in Group-wide initiatives, representing the degree to which they personally have implemented the Group coordination. In FY 2022, 84% of operating officers responded that they had implemented the practice and 92% in FY 2023 (a total of 138 respondents), achieving the goal of 90% for 2025, the final year of the medium-term management plan, ahead of schedule.

<Dissemination of Group philosophy>

Logo for “WE ARE GREEN” the Group’s slogan

“WE ARE GREEN” Eco bag

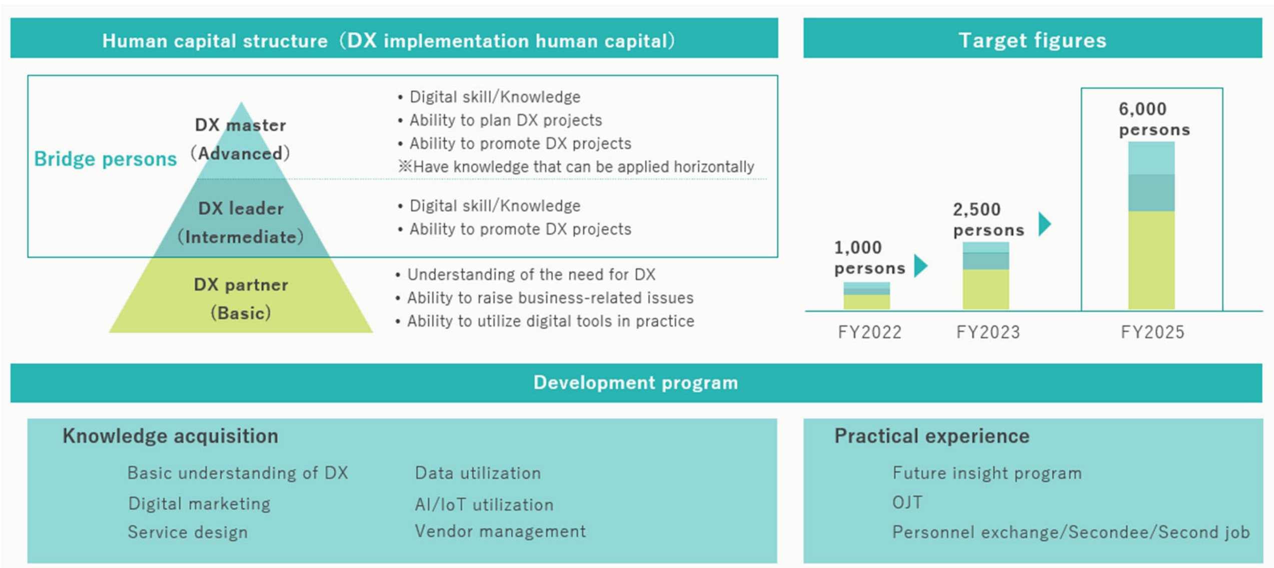
・Development of DX human capital

Based on one of our Group policies, “digital transformation” (DX), the Group is forming its human capital base from the dual aspects of the execution of cross-group projects and practical learning and training as it aims to create DX precedents. With the establishment of TFHD digital Inc. in February 2022 and the recruitment of human capital that specializes in digital platforms, the Group has put a structure in place for assisting with DX at each Group as well as the Group as a whole. Its establishment of organizations and systems aimed at implementing DX, concrete DX precedents on both the existing and new business side, and other associated endeavors having been recognized, in May 2023, the Group was selected as one of the DX Stocks 2023”by the Ministry of Economy, Trade and Industry, the Tokyo Stock Exchange and the Information-technology Promotion Agency, Japan.

In particular, we define human capital who fulfills the core role in promoting digital transformation (DX) in business companies as “bridge persons,” and are working toward the goal of developing 6,000 DX promotion personnel by FY 2025. To develop bridge persons, we offer programs for acquiring various digital skills such as data and AI utilization and digital marketing. We also have a future insight program called TLC-X, a practical training program to develop human resources who will take on business model transformation, in which real estate development field employees participate to generate ideas for future digital business concepts. We plan to implement this Groupwide in the future.

Based on these human resource development efforts, the “Number of business cases utilizing digital technology” reached a cumulative 58 in FY 2023. We are steadily progressing toward our goal of a total of more than 100 cases by FY 2030. Tokyu Land Corporation also encourages all employees to obtain IT Passport, with 84% having obtained it in FY 2023. We are aiming for a 100% acquisition rate by FY 2030.

<DX talent system, numerical targets, and programs>



・Human capital development based on environmental management

Based on the Group policy of Environmental Management, we raise awareness through e-learning, hands-on sustainability training, and the Sustainable Action Awards. The Sustainable Action Awards recognize concrete efforts to solve environmental and social issues through business activities. In FY 2023, we received a total of 181 applications (58 more than the previous year), achieving our goal of receiving a cumulative total of 300 applications for FY 2025 ahead of schedule. Based on these efforts, the number of “Environmental efforts through business” will reach 34 in FY 2023, bringing the cumulative total to 70, with the aim of generating a total of more than 100 results by FY 2030. As an environmentally advanced company, we aim to foster a greater understanding of the environment among each employee and develop human capital that will lead to the creation of opportunities for environmental value.

・Women’s empowerment

Perceiving women’s empowerment to be an especially important theme, the Group is engaged in the development of an environment conducive to fully manifesting the individuality and ability of employees regardless of their gender in accordance with the basic principles of the Act on the Promotion of Women's Active Engagement in Professional Life, or Women’s Empowerment Act for short.

There are two main reasons behind a certain disparity in wages between genders at companies (See 1. Company Overview > 5. Employees > (4) Ratio of female managers, ratio of childcare leave taken by male employees, and difference in wages between male and female workers). The first reason is that most of our Group's employees are comprised of general employees who handle core business operations and administrative staff who handle routine tasks, and the ratio of women in administrative positions is high. Within our Group, there is no wage difference based on gender for the same job type and rank. However, wage differences between general employees and clerical employees result in wage disparities between men and women. Going forward, we plan to continue employing administrative staff to handle routine tasks in order to ensure the continuity of each business. Although clerical work is a job that can be selected regardless of gender, because the majority of applicants are women, we believe that a certain wage difference between men and women will continue to exist in the future. The second reason is the low ratio of women in management positions. As the proportion of males in highly-paid managerial positions is high, there is a wage gap between men and women as a result. However, we believe that as the proportion of female managers increases in the future, the wage gap between men and women will narrow.

In order to promote the active participation of women, our Group is working on the following three policies. First, there is a commitment of management. To view the promotion of women's activities as a management issue, we are working to set KPIs for “the ratio of women among new graduate hires,” “the ratio of female managers,” and “the ratio of female candidates for management positions.” We have set in our recruitment activities a target of 50% for the ratio of women among new graduate hires in FY 2030, and as of April 2023, the actual figure was 39%. For the ratio of female managers, the target is 20% or more for FY 2030, with the actual figures for April 2023 being 8% and April 2024 being 9% (up 1% from the previous year). The ratio of female candidates for management positions is a metric for women at the rank one level below managers (equivalent to assistant managers). The target for FY 2030 is set at 20% or more, and the actual figure as of April 2024 was 18%. Although the target for the ratio of female managers deviates from the actual results to a certain extent, we will continue our efforts by working to raise the ratio of female candidates for management positions.

Secondly, we will improve the systems. Specifically, we have implemented career advancement systems for employees who have taken maternity or childcare leave (Tokyu Land Corporation), childcare support and partner systems that reduce the individual burden involved in meeting targets, a shift system for working on holidays, and the assignment of multiple personnel to each responsibility (Tokyu Livable). A certain amount of progress has been made in terms of establishing the systems.

Thirdly, we will work on the culture. We believe that even if the systems are in place, empowerment of women cannot be realized unless the appropriate culture is established. We are actively engaged in networking across companies. In FY 2023, we held an event featuring former AERA Editor-in-Chief Keiko Hamada (a total of 118 participants) and a roundtable discussion on female leaders at five Group companies.

In addition, we have set a target of 100% for the ratio of childcare leave taken by male employees by 2030, and the actual rate for FY 2023 was 89%. By encouraging men to also take childcare leave, we will support women's career paths and working styles to ensure that there is no imbalance in job positions between men and women, promote women's activities more than ever, and work to improve the gender wage gap.

<Women’s empowerment>

Event featuring former AERA Editor-in-Chief Keiko Hamada（Networking event across companies）

Roundtable discussion on female leaders at five Group companies

・Empowerment of diverse human capital

The Group has formulated a DE&I Vision. By pursuing the creation of an environment that mutually recognizes difference in diverse attributes and does away with discrimination as well as provides opportunities for fair active engagement and enables anyone to work while being themselves and shining vigorously, the Group will bring forth innovation and tackle value creation. We provide employees with an e-learning course to deepen their understanding of DE&I, setting the participation rate as a KPI, with the goal of a 100% participation rate by FY 2030. Additionally, we have set “the ratio of mid-career hires among managers” as a KPI for ensuring diversity, with a target of 50% for FY 2030. Currently, the ratio of mid-career hires among managers is 54%, and although we have already achieved our target, we plan to continue promoting them.

・Fostering of innovative organizational climate

In order to pass on its challenge-oriented DNA and create innovation that transcends company boundaries, the Group established a Group co-creation internal entrepreneurship program called “STEP”, an amalgam of “Start/Sustainable/Shibuya” (S), “Tokyu Fudosan Holdings” (T) and “Entrepreneur Program.” After commencing in FY2019 as a program for employees of the Group, STEP marked its sixth year in FY2024. As of FY2023, a cumulative 302 entries have been submitted to the program, with four of them being decided on for commercialization. In January 2024, we established LeaPro Co., Ltd., our fourth business venture, and are currently planning a business to support the career and human resource development of engineers.

After review, some STEP projects have been adopted as initiatives within the Group rather than leading to the establishment of new companies. The business proposal submitted in FY 2021, “Supporting the return to work of people with mental health problems,” has been transformed and launched as a group human resources initiative of Tokyu Fudosan Holdings Corporation. In FY 2024, we have begun trial use of an app for eligible individuals and carried out activities to support the physical and mental health of Group employees. In this way, rather than simply taking the step of establishing a company, the Group is working on various fronts to ensure that our innovative organizational climate is not lost.

<A Group co-creation internal entrepreneurship program called “STEP”>

LeaPro Co., Ltd., President and CEO Kai Ayaka

Outline of "Supporting the return to work of people with mental health problems"

・Promotion of health management

Perceiving the happiness of its employees and the maintenance and improvement of their health to be priority management challenges, the Group is tackling a variety of measures that link to sound physical and mental health. It engages in seminars, enlightenment activities, and other efforts having established 100% rates of employees taking health checkups, stress checks and male employee childcare leave as associated targets for FY2030. The ratio of childcare leave taken by male employees increased from 65% in FY2022 to 89% (+24%) in FY2023. We will continue to work to create a healthy and comfortable workplace for our employees.

・Support for diverse work styles

The Group supports diverse work styles in order to improve efficiency and productivity and achieve a healthy work-life balance. The main five companies that comprise the Group, namely Tokyu Land Corporation, Tokyu Livable, Inc., Tokyu Community Corp., Tokyu Housing Lease Corporation, and Nasic Co., Ltd., have introduced telecommuting and flexible shift systems (or sliding shift systems) and made use of IT to realize flexible work styles not bound by location or time.

・Improvement of work engagement

Alongside regular stress checks, the various member companies of the Group implement work engagement surveys. Moreover, they regularly conduct employee engagement surveys for each individual company that are tailored to the situation there. Tokyu Land Corporation works to maintain and improve engagement by providing survey results as feedback to the heads of each organizational unit (unit, division, department, and group). The system was introduced Group policy in FY 2017, and we have maintained an AA rating (second highest in an 11-level rating scale) for both FY 2022 and 2023, achieving our FY 2030 target ahead of schedule.

The survey results reveal that the company's main strengths are “disseminating and communicating its philosophy,” “demonstrating individuality and abilities,” and “supporting subordinates.” The message from the president has permeated the company, and we have created a workplace where each employee can easily demonstrate their individuality and capabilities. On the other hand, regarding the issue of “generalizing and standardizing knowledge,” we will continue our improvement activities by promoting knowledge sharing through DX and by streamlining and advancing our operations. We aim to improve workplace satisfaction and build a comfortable work environment by not only improving the ratings but also further enhancing the strengths identified from each score.

b. Asset-utilizing business initiatives (Tokyu Land Corporation)

At Tokyu Land Corporation, which manages asset-utilizing businesses, we revised the personnel system in FY 2022 to achieve our long-term vision, GROUP VISION 2030. We have set a profile of ideal employees as “an organization of business producers” and systematized the personnel system to realize this employee profile. A business producer is someone who is proactive in taking on new challenges with an ambitious vision and a broad perspective. We have set three guidelines for action (Spirit of challenge, Ownership, and Partnership) and five desired human capital requirements (planning ability, execution ability, influence, human resource development and organizational development ability, and ethics) according to job type and grade level, clarifying the expected roles.

- Recruitment and placement

We are continually recruiting new graduates and mid-career personnel. In particular, with regard to career recruitment, its range has been expanded through referral (employee introductions) hiring and return entry (re-employment of former employees). In July 2023, the alumni network was established with the participation of former employees. We are engaged in activities that create opportunities for business co-creation with former employees and for them to rejoin the company. In addition, for highly specialized positions such as DX, construction management, accounting, and legal affairs, we are actively conducting job-based hiring (hiring for specific positions) for full-time positions with specific jobs.

In terms of placement, we have had a job rotation system in place since 2012 for general employees in order to develop them as business producers with a long-term perspective. In principle, new graduates are assigned and transferred to two different industries (residential, urban development, etc.) and two different positions (development, sales and operations, staff) during their first nine years with the company. Additionally, to enable employees to make autonomous career choices, we conduct personnel interviews with all employees and operate a personal transfer declaration system (FA system). Every year, employees volunteer to be transferred to a different business department and take on new responsibilities.

- Grades, evaluations, and rewards

We have divided the ranks into three major levels: M (Management), L (Leader), and S (Staff). We clearly define the expected roles of each level and encourage employees to demonstrate their abilities and grow. The evaluation involves setting "organizational contribution goals" and "challenge declarations" to evaluate contributions to the organization both within and outside the department, and evaluating the level of contribution to the organization. In terms of compensation, employee bonuses reflect the company's overall performance, and bonus incentives are set based on individual evaluation scores, creating a system designed to reward proactive challenges. Through these systems, we aim to ensure that everyone understands and shares awareness of the expected roles as business producers, while also providing compensation that rewards each individual's achievements.

- Training and promotion

In terms of training, all employees have one-on-one interviews with their superiors and also receive 360-degree feedback based on the required skills and requirements. For new graduates in their first year with the company, we have implemented an on-the-job training system, in which an OJT mentor provides support by meeting with them once a month. For other grades, we have systematized training based on the perspective of developing business producers and management leaders (succession), and we review the programs on a regular basis. In FY 2023, the training cost per person was ¥114,252, and the training time per person was 13.6 hours.

In order to promote the shift from the traditional seniority-based system to a merit-based system, the personnel system was revised in April 2022 to almost completely eliminate the requirement for a certain number of years of service for promotion.

On top of that, by making the promotion process based on self-recommendation, we are creating an environment in which highly capable and motivated employees can thrive, regardless of age or gender. In addition, promotion candidates will participate in a year-round training program. The program involves talent review meetings (subordinate development meetings) and assessments by external agencies to provide participants with multifaceted feedback on their strengths and challenges. In addition, we implement diagonal one-on-one meetings (one-on-ones with superiors from other departments) to provide a Group policy perspective on development.

c. Human capital-utilizing business initiatives (Tokyu Livable)

At Tokyu Livable, our strengths lie in the system and human capital that enable us to turn the approximately 300,000 real estate sales and rental needs we receive from customers each year into revenue opportunities through our wide range of business areas and collaboration between businesses. In terms of our philosophy and sales strategy, we define personnel who can provide added value to customers by utilizing the business and resources of not just their own department, but the entire company, as Multi-Value Creator (MVC), and we are creating a system for training and placement to help our employees grow into such personnel.

- Dissemination of the philosophy

At Tokyu Livable, we are committed to instilling the company's vision and philosophy in its employees in order to achieve a top-class presence in the industry. For example, we hold an information session every year for the managerial staff who lead the business, where the president personally explains the company's management policies and business strategies to them face-to-face and engages in direct question-and-answer sessions. The contents of the session are also made available via video so that all employees other than managers can view them. In addition, in order to make the philosophy and strategies personal, we hold management study sessions and roundtable discussions where managers and assistant managers can exchange opinions and build networks. A total of 18 such sessions were held in FY 2023.

<Efforts to disseminate the philosophy>

Employee briefing session（Tokyu Livable, Inc. President and CEO Ohta Yoichi ）

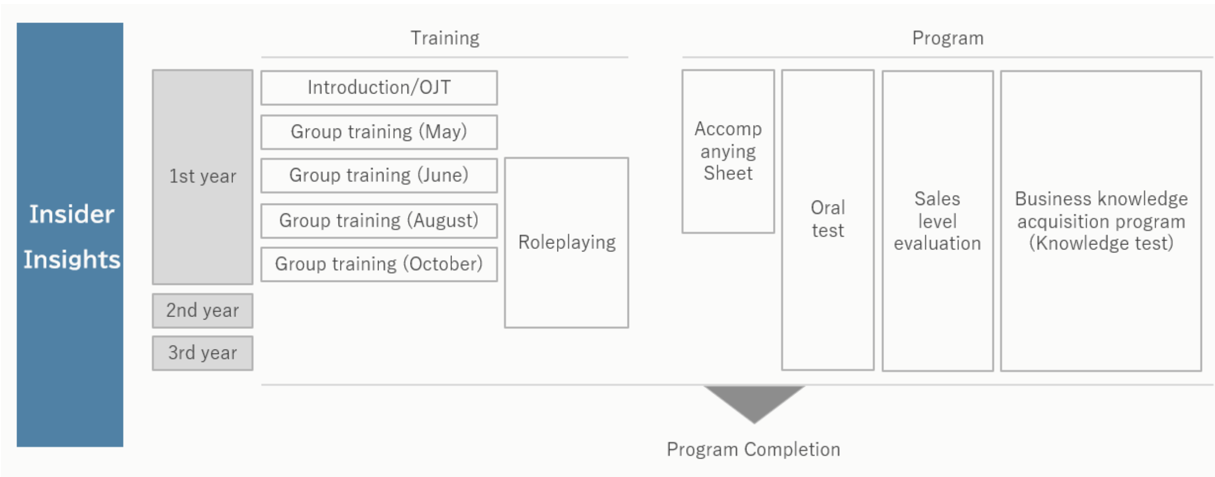
Management study sessions/roundtable discussions

- Training and placement system

In a human capital-utilizing business, the skills and knowledge of each individual are a major asset. Therefore, whether or not we can quickly make new employees effective and raise the overall level of the company is directly linked to the success of our business. At Tokyu Livable, we utilize an Insider Insights program that collects and systematizes the knowledge of top-performing sales representatives, allowing new employees to learn the know-how of outstanding employees from an early stage. This program involves ongoing group training and role-playing training, as well as a combination of sales-level assessments and knowledge tests to verify results, making the employee's development stage visible to both the employee and their superiors to ensure reliable development. Our efforts in this program received the 7th Japan HR Challenge Award in 2018.

Additionally, we have established a system that allows employees to gain a variety of work experience so that they can take advantage of the breadth of business domains as MVCs. Specifically, we operate a career challenge system that allows employees who have been in their current position for three years to apply for a transfer to their desired department, as well as an in-house internship system that allows employees to experience work in other departments for one to two days. Through these systems, we aim to promote the growth of our employees as MVCs and collaboration between our businesses.

<Insider Insights program>



d. Human capital-utilizing business initiatives (Tokyu Community)

At Tokyu Community, we believe that the skills and services our employees provide are our greatest product, and we have a distinctive training system and facilities. At our in-house technical training centers, NOTIA and Mansion Life Hall, we are committed to developing more advanced human capital and aiming to provide high-quality services to our customers.

- Technical training center NOTIA

NOTIA, which opened in May 2019, is our own training center that trains over 1,900 technical employees. With its training functions and environmental features, the building itself is designed to be a “place of awareness” for employees. The center consists of a facility training floor where visitors can experience and learn about the principles of various facilities and equipment, such as those for electricity, air conditioning, fire and disaster prevention, and water supply and drainage and sanitation; an active learning space that serves as a place for collaborative learning where people work in groups to solve problems; and a multi-purpose floor with a co-creation plaza and hall.

NOTIA, which cultivates practical technical skills and proposal capabilities, has also been recognized as a building and has received the Energy Conservation Grand Prize (2021), which recognizes outstanding energy-saving initiatives and business models, the Technology Award from the Society of Heating, Air-Conditioning and Sanitary Engineers of Japan (2021), and the Carbon Neutral Award Grand Prize (10th) (2022). Additionally, the building has adopted cutting-edge environmental technologies and is the first office building in Tokyo to receive the Nearly ZEB (a building that has achieved 75% net energy savings) certification.

NOTIA exterior

Facility training floor

- Mansion Life Hall of a technical training center NOTIA

The Mansion Life Hall, an annex of NOTIA, is a specialized training facility opened in 2013 for condominium management operations. Training is conducted by recreating an environment that does not differ from reality to develop sales staff (front desk staff) and amenity mates (management staff) who are professionals in condominium management. In particular, by providing practical training on the knowledge and information that on-site management staff need to have, as well as on how to communicate with residents, we aim to nurture management personnel who can manage and maintain condominiums and build good relationships with residents. We are actively working to employ senior personnel, and also places emphasis on training so that we can provide high-quality services regardless of age.

Mansion common floor

Practical training floor

(iii)Risk management

The first risk in promoting the human capital strategy is a gap between the management strategy and the actual human capital measures. To prevent this, human capital KPIs corresponding to each measure are set as indicators, and progress is reported at the Sustainability Committee meetings. By having management discuss human capital strategy policies, we ensure that management strategies and on-site measures are consistent.

The second risk is recruitment. Our Group has bases throughout the country and comprises over 100 companies with approximately 30,000 employees. The decline in the working population due to Japan's low birthrate and aging population, and the resulting labor shortage, have a significant impact on the business continuity of our Group. Our approach to addressing the labor shortage is, first and foremost, to monitor recruitment plans and activities across the entire Group and to strengthen joint recruitment events and activities. We will make maximum use of Tokyu Fudosan Holdings Corporation's group resources and brand to support ongoing recruitment across the entire Group. Secondly, hiring foreign workers. By employing people through appropriate recruitment channels and striving to create a working environment that respects human rights, we will maintain the necessary workforce within the Group and ensure business continuity.

(iv)Indicators and targets

<Human capital KPI Chart>

Human capital strategies	Measures	Human capital KPI	FY2022 Results	FY2023 Results (YoY)	Target
Develop people who create value	Dissemination of Group philosophy	1. Degree of personal investment in achieving the long-term vision of executive officers at each Group company (extent of Group coordination)	84%	92% 〈+4〉 (covering a total of 138 officers)	90% (FY2025)
	Development of DX talent	2. Acquisition of IT passports *1 3. Number of business utilizing digital technology	71% 43 cumulative cases	84%〈+13〉 58〈+15〉	100% (FY2030) Cumulative total of at least 100 (FY2030)
	Human capital development based on environmental management	4. Sustainable Action Awards 5. Environmental efforts through business	123 entries 36 cumulative efforts	181〈+58〉, cumulative total of 304 cumulative total of 70〈+34〉	60 entries/year, cumulative total of 300 (FY2025) Cumulative total of at least 100 (FY2030)
Develop organizations with diversity and a sense of unity	Empowerment of women	6. Ratio of women among new graduate hires*2 7. Ratio of female managers*2 8. Ratio of female candidates for management positions*2	46% 8% 18%	39% 〈(-7)〉 April 2024 Actual 9% 〈+1)〉 April 2024 Actual 18% 〈+0)〉 April 2024 Actual	50% (April 2030) At least 20% (April 2030) At least 20% (April 2030)
	Empowerment of diverse human capital	9. Ratio of mid-career hires among managers*2 10. Deepening understanding of DE&I (percentage of employees who took an e-learning course)*2	46% 86%	54% 〈+8) April 2024 Actual 96% 〈+10)	50% (April 2030) 100% (FY2030)
	Fostering of an innovative organizational climate	11. Number of proposals commercialized through STEP, the Group's co-creation-based internal venture scheme 12. Acquiring external knowledge and sharing expertise within the Group	253 cumulative entries 3 commercialization cases 108 cumulative times	4 commercialized〈+1〉, 49 entries , cumulative total of 302 11 , cumulative total of 119	Commercialization of 1 proposal/year (FY2025) Hold 4 seminars/year (FY2025)
Enhance motivation to work and foster an employee-friendly work culture	Promotion of health and productivity management	13. Ratio of employees who undergo physical examinations*2 14. Ratio of employees who undergo stress checks*2 15. Ratio of childcare leave taken by male employees*2	100% 93% 65%	100% 〈+0) 93% 〈+0) 89% 〈+24)	100% (FY2030) 100% (FY2030) 100% (FY2030)
	Support for diverse work styles	16. Ratio of Group companies implementing a remote working system*2 17. Ratio of Group companies implementing a flextime (or staggered working hours) system*2	100% 100%	100% 〈+0) 100% 〈+0)	100% (FY2030) 100% (FY2030)
	Improvement of employee engagement	18. Carrying out employee engagement surveys and implementing improvements*1	AA engagement rating	AA engagement rating (same as last year)	AA engagement rating (FY2030)

*1. Tokyu Land Corporation *2. Combined total of the five main business companies (Tokyu Land Corporation, Tokyu Livable Inc., Tokyu Community Corp., Tokyu Housing Lease Corporation, and National Students Information Center, Co., Ltd.)

Outcomes

2030
Create value
for the future

Challenge-oriented DNA

Mission to engage in society

*Results for FY2023 and April 2024 also include results that predate the acquisition of third-party verification, and as such constitute approximations.

(3) Basic Policies Regarding Distribution of Profits and Dividends

In its long-term vision GROUP VISION 2030 in which FY2021 is the first year, the Company sets the enhancement of shareholder value by increasing earnings per share over the medium and long term through growth investments including the medium- and long-term development of the Greater Shibuya Area and others and the return of created profits to shareholders as the basic policy for shareholder returns. In terms of the return of profits, we will make efforts to maintain and continue stable dividends with a payout ratio of 30% or more as a target, comprehensively taking into account the business performance, the future business environment and financial position, etc.

The Company has also decided to pay the dividend of surplus twice a year including the interim dividend and the year-end dividend, and the decision-making bodies of these dividends of surplus are the General Meeting of Shareholders for the year-end dividend and the Board of Directors for the interim dividend.

Based on the policy above, the Company has decided to pay dividends of ¥31.0 per share (including an interim dividend of ¥14.0 per share) for the fiscal year ended March 31, 2024.

We will use internal reserves mainly as investment funds necessary for business development plans, etc. in the future to increase the corporate value.

The Articles of Incorporation of the Company stipulate that "the Company may pay interim dividends with the resolution of the Board of Directors with September 30 each year as the record date."

The dividend of surplus for the fiscal year ended March 31, 2024 is as follows.

Date of decision:	Total amount of dividends (million yen)	Dividend per share (yen)
Resolution of the board of directors meeting on November 7, 2023	10,077	14.0
Resolution of the general shareholders meeting on June 26, 2024	12,236	17.0

(4) Business-related and other risks

Of matters concerning the Group's operating results and financial position, etc., those that could have a significant impact on investors' decisions are as follows.

Forward-looking statements in the text are the Group's judgments as of the end of the fiscal year ended March 31, 2024, and actual results, etc. may differ from these forecasts.

Risks that are assumed to have a significant impact on management

In the Basic Regulations on Risk Management, the Group has defined seven individual risks (investment risks, financial and capital risks, personnel and labor risks, legal and compliance risks, IT strategy risks/ digital strategy risks, information security risks and crisis management risks) as events that could interfere with the achievement of management targets of the Group companies. We recognize a significant risk in climate change, which is a risk with high significance

In addition, in the GROUP VISION 2030, the Group has identified opportunities and risks for six materialities the Group has defined and related significant risks.

Materialities	Major opportunities and risks (○ opportunities, ● risks)	Major fluctuating factors	Significant risks
Create a variety of lifestyles.	○Integration of all lifestyle scenes ●Mismatch with consumer needs	・Economic trends, real estate market conditions ・Competitor trends ・Financial market (interest rates, share prices) ・Consumer attitudes	Investment risks Financial and capital risks
Create well-being communities and lifestyles.	○Increasing importance of community creation ○Growing needs for disaster readiness and disaster damage reduction ●Subordination in competition between cities ●Decreasing value due to insufficient asset maintenance and management		
Create the sustainable environment.	○Growing needs to respond to the decarbonized and recycling-oriented society ●Escalation of climate change and natural disasters ●Increasing costs due to stronger environmental restrictions, etc.	・Transition risks: Tighter legal regulations including carbon tax ・Physical risks: An impact on the operation of facilities due to damage to buildings and rising temperatures	Climate change risks
Create value in the digital era.	○Increasing importance of utilizing customer contact points ●Appearance of disruptors to existing businesses	・Trends of digital technology and companies, etc.	IT strategy risks/ digital strategy risks
Create an organizational climate under which diverse human capital is enlivened.	○Emergence of innovation due to diverse human capital ●Intensifying competition in the human capital acquisition market	・Securing and cultivation of human capital ・Long working hours	Personnel and labor risks
Create governance to accelerate growth.	○Strengthening of relationships with stakeholders by improving transparency ●Losses and a decline in confidence due to legal violations and defects in security systems	・Cyber attacks ・Defects in safety measures and BCP ・Improper conduct and legal violation by officers and employees ・Effectiveness of the Board of Directors	Information security risks Crisis management risks Legal and compliance risks

The timing and degree of the possibility that these risks surface and the quantitative details of the impact of these risks on the Group's operating results and financial position, etc. in cases where they do surface are not stated here because it is difficult to reasonably foresee them.

Our view of these risks is as follows.

① Investment risks

In the Urban Development business and the strategic investment business segments, which are asset-utilizing businesses that involve investment among the Group's businesses, tend to be susceptible to factors such as economic trends, corporate earnings, personal consumption trends, real estate market conditions and the competitive environment in Japan and overseas, policy changes by the government and the Bank of Japan, and the situation in business areas, particularly central Tokyo, and these factors could result in a fall in profit margins, a decline in profitability in individual businesses and a fall in the value of assets held.

The Group Corporate Planning Department of the Company is in charge of these risks and manages the risk amount by calculating and continuously monitoring the VaR after defining risks factors for each asset for investment.

② Financial and capital risks

The Group raises funds for the development of real estate through equity, borrowings from financial institutions and the issuing of bonds. If interest rates rise sharply or if share prices fall markedly in the future, it could have a significant impact on operating results and financial position, etc.

With regard to financing from financial institutions, etc., we work to minimize the impact on operating results in the event of a future rise in interest rates by ensuring that most interest-bearing debt is long-term borrowings and fixing most interest rates for loans other than certain project financing in light of financial conditions to mitigate the impact of fluctuations in interest rates. At the end of the fiscal year ended March 31, 2024, the ratio of long-term borrowings to interest-bearing debt and the ratio of fixed interest rates are 95.8% and 95.5%（both long-term and fixed ratios exclude SPC borrowing）, respectively. In addition, the Group Finance Department of the Company is in charge of financing and conducts a trend analysis of the financial market and the quantitative simulation of an impact of rising interest rates on the Company.

In terms of equity, the Group Finance Department conducts a trend analysis of the capital market and provides feedback to the Board of Directors, etc. on the details of dialogues with shareholders and investors in IR activities to continuously ensure the appropriate share price of the Company.

③ Climate change risks

Based on the Environmental Vision established in 1998, the Group is stepping up its environmental initiatives on an ongoing basis through its business activities and recognizes climate change, above all, as an important issue. Transition risks and physical risks in climate change could have an impact on the Group's business. As transition risks, changes in policy trends such as tighter legal regulations including carbon tax, falling demand, and reputational damage to companies that are unable to respond to a low-carbon society are expected. As physical risks, the impact of declining snowfalls due to global warming on the operation of ski resorts and increasing costs due to damage to buildings and longer construction periods caused by the escalation of abnormal weather are expected. These risks could have an adverse impact on business.

The Group Sustainability Promotion Department of the Company is in charge of these risks and deals with them on a Group-wide basis in cooperation with business departments.

The Sustainability Committee deliberates and discusses details of initiatives and reports them to the Board of Directors. In addition, the Company announced its support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in 2019 and has been participating in the TCFD Consortium, an organization in Japan that discusses TCFD initiatives. In terms of risks and opportunities of climate change for its business, In our main businesses of urban development, leisure, residential, and renewable energy, we conduct verification of multiple scenarios of "1.5°C," "3°C," and "4°C," and reflect them in our management strategies. Based on the TCFD recommendations, we also implemented disclosures categorized into "Governance," "Strategy," "Risk Management," and "Metrics and Targets". In FY2023, we have prepared a "transition plan to a decarbonized society".

[Disclosures based on the TCFD recommendations]
URL:
https://tokyu-fudosan-hd-csr.disclosure.site/en/environment/tcfd/

[Transition plan to a decarbonized society]
URL:
https://tokyu-fudosan-hd-csr.disclosure.site/en/environment/transition-plan

	1.5°C	3°C	4°C
• Transition risks Policy and legal, technology, markets, reputation • Opportunities Energy sources, products and services, market	Risks and opportunities / financial impact • Financial impact is considerable in the medium term due to carbon pricing and ZEB/ZEH compliance costs, but in the long term, ZEB conversion will be completed, securing a competitive advantage and increasing rental income. • Demand for renewable electricity grows. Strategy • Expand business in response to increasing demand for renewable electricity. Leisure business to utilize local natural energy. • Promote conversion of new buildings to ZEB/ ZEH and upgrades of equipment at existing operating facilities. Differentiate through the early introduction of renewable electricity.	Risks and opportunities / financial impact • In the medium term, ZEB/ZEH conversion is less pronounced and has less financial impact than in the 1.5°C scenario, but the impact of ZEB/ ZEH conversion continues to increase in the long-term. • Demand for tenant offices shrinks due to the spread of remote work. • Demand for renewable electricity grows. Strategy • Expand business in response to increasing demand for renewable electricity. Leisure business to utilize local natural energy. • Each business differentiates in the same way as in the 1.5°C scenario. • Expand satellite offices in anticipation of the spread of remote working.	Risks and opportunities / financial impact • The effects of climate change are limited in the medium term, but in the long term, the intensification of natural disasters and rising temperatures have a considerable financial impact • Higher temperatures increase construction costs and air conditioning costs during operating hours. Demand for high-efficiency housing grows. • Demand for tenant offices shrinks due to the spread of remote work. • Policy support for renewable electricity is feeble, and market trends are uncertain. Strategy • Expand business in response to increasing demand for renewable electricity. • Each business differentiates in the same way as in the 3°C scenario, including measures for mitigating the effects of rising temperatures. • Leisure business to offer new resort lifestyles, such as workations.
• Physical risks Acute, Chronic • Opportunities Resilience	Risks and opportunities / financial impact • In the long term, natural disasters due to extreme weather events will increase moderately, but the financial impact will be low. Strategy • Differentiate by carefully selecting building locations and strengthen BCP/LCP through collaboration with tenants and residents.	Risks and opportunities / financial impact • Climate change progresses faster and has a greater financial impact than in the 1.5°C scenario. Strategy • Each business differentiates in the same way as in the 1.5°C scenario. • Leisure business to concentrate investment in high-latitude ski resorts and use heat-tolerant turf at managed golf courses to differentiate from competing facilities.	Risks and opportunities / financial impact • In the long term, the impact of the rise in sea levels is greater than in the 3°C scenario. Drastic increase in damage to facilities due to natural disasters. Strategy • Each business differentiates in the same way as in the 3°C scenario. • Renewable energy business to maintain power generation efficiency by installing storage batteries and focus on facilities adapted for climate change.

④ IT strategy risks/ digital strategy risks

The IT environment surrounding the Group and society is evolving rapidly, and if the Group is unable to respond appropriately and promptly to technological innovations and changes in customer demand, it could have an impact on the Group's operating results and financial position, etc.

The Group IT Strategy Department and the Digital Transformation Promotion Department of the Company are in charge of these risks, and they examine the possibility of application of new technologies to each business.

⑤ Personnel and labor risks

The Group recognizes diverse personnel as one of its strengths. However, the decline in the working population due to Japan’s low birthrate and aging population, and the resulting labor shortage, could become a major factor hindering the growth of our Group.

In charge of these risks, the Group Human Resources Department of the Company aims to create a company that will be selected by its employees with measures in response to their diverse workstyles, such as telework and the work-from-home system, in addition to the reduction of long working hours and the encouragement of taking paid leave.　In addition, the importance of proper labor management is increasing due to the diversification of work styles and working places, and we will implement "proper labor management (proper understanding and management of working hours)" as a Group priority measure starting in FY2023. We plan to conduct a comprehensive survey and grasp the status of systems, operations, and awareness-raising activities at each of the companies involved, and report to the Risk Management Committee.

⑥ **Information security risks**

The Group handles large volumes of personal information of customers in the Urban Development business, the Property Management & Operation business and the Real Estate Agents business segments. If an information leak occurs due to a cyberattack or the act of a Group employee, it could result in a decline in the social credibility and brand image of the Group and could have an impact on the Group's operating results and financial position, etc.

The Group General Administration Department and the Group IT Strategy Department of the Company are in change of these risks, and they take steps to strengthen security measures and improve the literacy of employees by providing training including an exercise to deal with targeted e-mail attacks.

⑦ **Crisis management risks**

If an earthquake, a storm, a flood or any other natural disaster occurs in Japan or overseas, if an act of terrorism, an accident, a fire, an infectious disease or any other human disaster occurs, or if an environmental problem or a defect in real estate is discovered, a dispute could occur in relation to damage to assets held or the fulfillment of compensation obligations, etc., and this could have an impact on the Group's business performance and financial position, etc.

In charge of these risks, the Group General Administration Department of the Company will work to minimize the impact by taking safety measures that will become necessary when a disaster occurs, developing BCP and providing training as preparation for disasters.

⑧ **Legal and compliance risks**

If a situation that violates laws and regulations occurs as a result of the Group's employee or business activity, or if the payment of compensation for damages incurred becomes necessary, it could result in a fall in the social credibility and the brand image of the Group and could have an impact on the Group's operating results and financial position, etc.

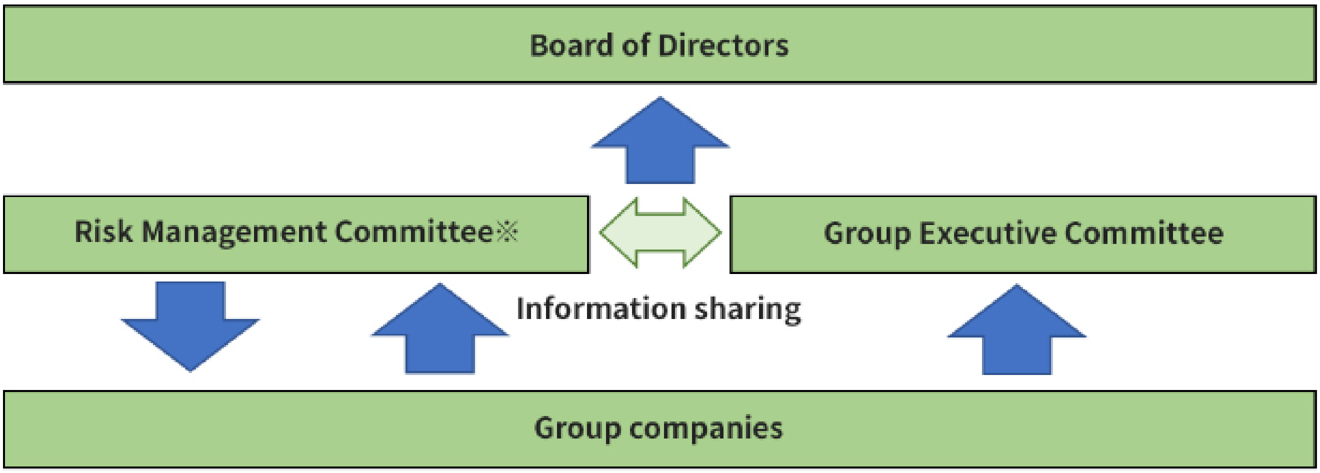
In charge of these risks, the Group Legal Affairs Department of the Company strives to fully enforce compliance management by building a compliance system at each Group company, including the formulation and promotion of an activity plan (compliance program) to realize compliance. Specifically, the Department strives to make compliance fully known to all officers and employees of the Tokyu Fudosan Holdings Group by establishing the Tokyu Fudosan Holdings Group Code of Conduct that will become the standards of behavior for them, developing the Tokyu Fudosan Holdings Group Compliance Manual as a specific manual to understand and practice the Code of Conduct, and providing training periodically.

Risk management structure

The Risk Management Committee and the Group Executive Committee each manages respective significant risks according to the types of risk with the Risk Management Committee controlling the overall risk management and reporting to the Board of Directors.

The Risk Management Committee manages the Group’s priority countermeasure risks that are thought to require across-the-Group management and grasps and assesses the risk management situation at the Group companies.

A department with primary responsibility is appointed for the Group’s priority countermeasure risks to operate a thorough PDCA cycle of risk management. Additionally, the Group’s overall risk management structure is strengthened by having the Risk Management Committee grasp and assess the risk management situation at the Group companies.



※As its overall control function, the Committee manages the Group's priority countermeasure risks, and grasps and assesses the risk management situation at the Group companies.

In addition, the Company verifies the sufficiency of its risk management structure and its risk management operations through internal audits and conducts audits of major risks systematically based on their priority. In case of an urgent risk of a major loss, the Company provides information and makes decisions in accordance with its Emergency Response Basic Provisions to minimize the damage.

4. Operating Results and Financial Position

(1) Current Operating Performance

The Group's business performance in the fiscal year ended March 31, 2024, owing to strong performance in sales of assets and the real estate sales agent business against the backdrop of a strong real estate market, strong performance in the hotel business as a result of having tapped into demand in Japan and overseas, etc., showed increases both in revenues and profit with ¥1,103.0 billion in operating revenue (up 9.7% from the previous fiscal year), ¥120.2 billion in operating profit (up 8.9%), and ¥110.4 billion in ordinary profit (up 10.9%).

In the fiscal year ended March 31, 2024, profit attributable to owners of parent increased substantially to ¥68.5 billion (up 42.1%), which is attributable to extraordinary losses of ¥31.3 billion having been recorded in the previous fiscal year mainly due to progress in business restructuring based on the medium-term management plan 2025.

In the fiscal year ended March 31, 2024, the Group achieved record highs, including the period before shifting to a holdings structure, for operating revenue, operating profit, ordinary profit and profit attributable to owners of parent. The Group also achieved operating profit target of ¥120.0 billion and profit target of ¥65.0 billion for the fiscal year ending March 31, 2026, the final fiscal year of the medium-term management plan, two years ahead of schedule.

(Unit:¥ billion)

	FY2022	FY2023	Comparison	Full-year forecast (ann. 11/7/23)	Projected change
Operating revenue	1,005.8	1,103.0	97.2	1,120.0	(17.0)
Operating profit	110.4	120.2	9.8	115.0	5.2
Ordinary profit	99.6	110.4	10.8	104.5	5.9
Profit attributable to owners of parent	48.2	68.5	20.3	64.0	4.5
Interest-bearing debt	1,482.9	1,590.1	107.2	1,650.0	(59.9)

(2) Segment Performance

By segment, the Urban Development segment and the Strategic Investment segment saw increases in revenues but a decrease in profit, the Property Management & Operation segment and the Real Estate Agents segment saw increases in revenues and profit. (compared to the previous fiscal year)

Operating revenue (Unit:¥ billion)

	FY2022	FY2023	Comparison	Full-year forecast (ann. 11/7/23)	Projected change
Total	1,005.8	1,103.0	97.2	1,120.0	(17.0)
Urban Development	346.1	365.4	19.3	380.6	(15.2)
Strategic Investment	78.8	108.0	29.2	104.4	3.6
Property Management & Operation	337.1	371.5	34.3	369.2	2.3
Real Estate Agents	263.0	285.6	22.6	284.0	1.6
Adjustment for Inter-Company Transactions	(19.1)	(27.4)	(8.3)	(18.2)	(9.2)

Operating profit (Unit:¥ billion)

	FY2022	FY2023	Comparison	Full-year forecast (ann. 11/7/23)	Projected change
Total	110.4	120.2	9.8	115.0	5.2
Urban Development	58.6	53.2	(5.5)	52.8	0.4
Strategic Investment	15.2	15.1	(0.1)	13.9	1.2
Property Management & Operation	12.3	22.8	10.6	21.5	1.3
Real Estate Agents	33.7	38.5	4.9	36.3	2.2
Adjustment for Inter-Company Transactions	(9.4)	(9.5)	(0.0)	(9.5)	0.0

① Urban Development

In our Urban Development business, we recorded ¥365.4 billion in operating revenue (up 5.6% from the previous fiscal year) and ¥53.2 billion in operating profit (down 9.3%).

Overall, the segment saw an increase in revenues and a decreases in profit. Revenues increased due to the new opening of Shibuya Sakura Stage (Shibuya-ku, Tokyo) in Leasing (Office buildings), a certain amount of recovery for commercial facilities such as Tokyu Plaza in Leasing (Commercial facilities), and increased sales of assets in Other (excluding condominiums in residential business), despite decreases in revenues due to a decrease in asset sales in Other (excluding lease in office and commercial facility business) and a decrease in the number of condominium units sold in Condominiums, in the breakdown of operating revenue below.

In the office building market, leasing activity particularly in the Shibuya area, where a large proportion of the Company's owned properties are located, was robust. Although the vacancy rate (office buildings and commercial facilities) as of March 31, 2024 temporarily rose to the high level of 4.8%, Shibuya Sakura Stage (Shibuya-ku, Tokyo), which was newly completed in November 2023, is expected to bring this rate down as tenants steadily move in. If Shibuya Sakura Stage is excluded, the vacancy rate (office buildings and commercial facilities) was maintained at a low level of 1.1%.

Sales of condominium units continued to show an underlying strength of demand and proceeded strongly. Regarding condominiums during the fiscal year under review, in addition to the recording of HARUMI FLAG (Chuo-ku, Tokyo) and BRANZ TOWER Osaka Honmachi (Osaka-shi, Osaka) as newly completed and delivered properties, sales of completed inventories have been progressing. The ratio of contracted amount for sale to the planned sales amount for the next fiscal year for condominium units became 74% (down 8 percentage points from the previous fiscal year).

(Unit:¥ billion)

	FY2022	FY2023	Comparison	Full-year forecast (ann. 11/7/23)	Projected change
Operating revenue	346.1	365.4	19.3	380.6	(15.2)
Operating profit	58.6	53.2	(5.5)	52.8	0.4

Breakdown of operating revenue (Unit:¥ billion)

	FY2022	FY2023	Comparison
Urban Development	199.8	177.2	(22.5)
Leasing (Office buildings)	54.7	56.3	1.6
Leasing (Commercial facilities)	40.3	42.1	1.8
Other	104.8	78.9	(25.9)
Residential	146.3	188.2	41.9
Condominiums	95.5	89.5	(6.0)
Other	50.8	98.7	47.9

Vacancy rate of leasing office buildings and leasing commercial facilities

	As of March 31, 2021	As of March 31, 2022	As of March 31, 2023	As of March 31, 2024
Vacancy rate	1.3%	1.3%	1.1%	4.8%

* Vacancy rate excluding the newly completed Shibuya Sakura Stage as of March 31, 2024: 1.1%

Major openings (facilities opened during FY2023)

	Use	Completion / Opening	Floor space (thousand m²)
Shibuya Sakura Stage (Shibuya Sakuragaoka Block Redevelopment Plan)	Office, commercial, residential, etc.	Completed on November 30, 2023	255
COCONO SUSUKINO (Sapporo Susukino Ekimae Complex Development Project)	Hotel, commercial, cinema, etc.	Opened on November 30, 2023	53
Forestgate Daikanyama (Daikanyamacho Project)	Rental housing, commercial, office, etc.	Opened on October 19, 2023	21

Condominiums: condominium units sold (Units)

	FY2022	FY2023	Comparison
No. of units sold	1,369	1,280	(90)
New supply	1,310	931	(379)
Contracted units	1,562	1,008	(554)
Inventory of completed units	200	127	(73)

② **Strategic Investment**

In our Strategic Investment business, we recorded ¥108.0 billion in operating revenue (up 37.1% from the previous fiscal year) and ¥15.1 billion in operating profit (down 0.8%).

Overall, the segment saw an increase in revenues and a decrease in profit. Revenues increased mainly due to sales of assets of logistics facilities and an increase in the number of facilities in operation in the renewable energy business in Infrastructure & Industry, an increase in condominium units sold in Indonesia despite increased costs in North America in Overseas operations, in the breakdown of operating revenue below.

The renewable energy business is expanding steadily as the number of facilities in operation increased as planned. Total rated capacity after all facilities are put into operation (before taking our equity into account) is 1,751 MW (174 MW increase from the end of the previous fiscal year).

(Unit:¥ billion)

	FY2022	FY2023	Comparison	Full-year forecast (ann. 11/7/23)	Projected change
Operating revenue	78.8	108.0	29.2	104.4	3.6
Operating profit	15.2	15.1	(0.1)	13.9	1.2

Breakdown of operating revenue (Unit:¥ billion)

	FY2022	FY2023	Comparison
Infrastructure & Industry	63.3	88.5	25.2
Asset management	8.9	9.9	1.0
Overseas operations	6.5	9.5	3.0

* Infrastructure & Industry: Renewable energy power generation facilities and logistics facilities, etc.
* Asset management: J-REIT and fund management, etc.

Renewable energy power generation facilities

	As of March 31, 2021	As of March 31, 2022	As of March 31, 2023	As of March 31, 2024
Facilities in operation	38	66	65	74
Rated capacity (MW)	730	882	1,034	1,342

* Rated capacity in operation indicates the capacity of only projects in Japan before taking our equity into account.
* From March 31, 2024, rooftops (rooftop solar power generation facilities) are included in rated capacity (MW), aggregated as a single business.

③ Property Management & Operation

In our Property Management & Operation business, we recorded ¥371.5 billion in operating revenue (up 10.2% from the previous fiscal year) and ¥22.8 billion in operating profit (up 85.8%).

Overall, the segment saw increases in revenues and profit. The segment achieved an increase in revenues mainly due to increased revenues from construction and openings of large properties for Office buildings in Property Management while inbound and domestic demand was captured for Hotels mainly with Tokyu Stay in Wellness and revenues increased from sales of Tokyu Harvest Club membership for Other in Wellness, in the breakdown of operating revenue below.

(Unit:¥ billion)

	FY2022	FY2023	Comparison	Full-year forecast (ann. 11/7/23)	Projected change
Operating revenue	337.1	371.5	34.3	369.2	2.3
Operating profit	12.3	22.8	10.6	21.5	1.3

Breakdown of operating revenue (Unit:¥ billion)

	FY2022	FY2023	Comparison
Property Management	213.1	226.0	12.9
Condominiums	131.2	127.7	(3.5)
Office buildings	81.9	98.2	16.4
Wellness	110.3	132.5	22.1
Hotels	42.2	54.6	12.3
Leisure facilities	19.1	17.4	(1.7)
Healthcare	26.5	28.5	2.0
Other	22.5	32.0	9.4
Environmental greening, etc.	13.7	13.0	(0.7)

*Hotels: Harvest Club, Tokyu Stay, resort hotels, etc.

*Leisure facilities: Golf courses, ski resorts, etc.

*Healthcare: Senior housing, fitness facilities, etc.

Number of sites managed as of fiscal year end

	As of March 31, 2021	As of March 31, 2022	As of March 31, 2023	As of March 31, 2024
Condominiums (units)	839,891	831,603	867,891	845,241
Buildings, etc. (no. of contracts)	1,532	1,626	1,656	1,644

④ **Real Estate Agents**

In our Real Estate Agents business, we recorded ¥285.6 billion in operating revenue (up 8.6% from the previous fiscal year) and ¥38.5 billion in operating profit (up 14.4%).

Overall, the segment saw increases in revenues and profit. Revenues increased due to respective rises in number of transactions and in Real Estate Agents, the transaction amounts as a result of capitalizing on the booming real estate transaction market, in addition to increases in revenue recognized for development projects for Real estate sales, in the breakdown of operating revenue below.

(Unit:¥ billion)

	FY2022	FY2023	Comparison	Full-year forecast (ann. 11/7/23)	Projected change
Operating revenue	263.0	285.6	22.6	284.0	1.6
Operating profit	33.7	38.5	4.9	36.3	2.2

Breakdown of operating revenue

(Unit:¥ billion)

	FY2022	FY2023	Comparison
Real Estate Agents	164.2	187.2	23.0
Real estate sales agent	80.0	85.8	5.8
Real estate sales	77.2	94.4	17.2
Consignment sales, etc.	7.0	6.9	(0.1)
Rental housing service	98.7	98.4	(0.4)

Real estate sales agent

	As of March 31, 2021	As of March 31, 2022	As of March 31, 2023	As of March 31, 2024
Number of transactions	25,635	28,750	29,577	30,265
Transaction amounts (Billions of yen)	1,226.5	1,578.0	1,821.3	2,080.1

*Total of retail and wholesale

(3) Analysis of Financial Conditions

① Assets, Liabilities, and Net Assets

Total assets increased by ¥292.3 billion compared to the end of the previous fiscal year due to investments progressing in real estate for sale, etc., total liabilities increased by ¥221.1 billion compared to the end of the previous fiscal year, mainly due to an increase in interest-bearing debt, and net assets increased by ¥71.2 billion compared to the end of the previous fiscal year, mainly due to an increase in retained earnings. ROE for the fiscal year ended March 31, 2024 improved to 9.6% (up 2.2 percentage points from the previous fiscal year).

The interest-bearing debt is expected to be ¥1,650.0 billion, debt equity ratio 2.1 times, EBITDA multiple 9.4 times and ROE 9.0% as of the end of the fiscal year ending March 31, 2025.

(Unit:¥ billion)

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025 (Forecast)
Total assets	2,738.5	3,030.8	
Total liabilities	2,037.8	2,258.9	
Net assets	700.7	771.9	
Equity	684.6	750.1	
Equity ratio	25.0%	24.8%	
Interest-bearing debt	1,482.9	1,590.1	1,650.0
EBITDA multiple	9.3×	9.4×	9.4×
DER	2.2×	2.1×	2.1×
Revised DER	2.0×	1.9×	1.8×
ROA	4.1%	4.2%	4.2%
ROE	7.3%	9.6%	9.0%

*EBITDA Multiple: Interest-Bearing Debt/EBITDA (Operating Income Before Depreciation)
*DER: Interest-Bearing Debt/Equity
*Revised DER: DER that considers the equity nature of hybrid financing on the rating
*ROA: (Operating Income + Interest Income + Dividends Income)/Total Assets (Yearly Average)
*ROE: Profit attributable to owners of parent/Equity (Yearly Average)

② Cash flow position

As of the fiscal year ended March 31, 2024, cash and cash equivalents were ¥246.2 billion, representing a ¥75.6 billion increase from the previous fiscal year end.

Cash flows from operating activities

Net cash provided by operating activities was ¥156.5 billion mainly due to ¥103.0 billion of profit before income taxes and ¥44.6 billion of depreciation, notwithstanding ¥28.9 billion in income taxes paid.

Cash flows from investing activities

Net cash used in investing activities was ¥178.2 billion mainly due to ¥245.3 billion for purchase of non-current assets and ¥40.4 billion for purchase of short-term and long-term investment securities, notwithstanding an increase of ¥110.9 billion in proceeds from sale and redemption of short-term and long-term investment securities.

Cash flows from financing activities

Net cash provided by financing activities was ¥97.8 billion mainly due to ¥198.5 billion in proceeds from long-term borrowings, among others, notwithstanding ¥115.4 billion in repayment of long-term borrowings and ¥20.5 billion in dividends paid.

Trend of indices

	FY2021	FY2022	FY2023
Equity ratio	24.0%	25.0%	24.8%
Equity ratio on market value basis	17.6%	16.7%	25.7%
Ratio of interest-bearing debt to cash flows	18.6 years	15.7 years	10.2 years
Interest coverage ratio	7.0	8.8	13.5

Equity Ratio: Equity/Total Assets
Equity Ratio on Market Value Basis: Market Capitalization/Total Assets
Ratio of Interest-Bearing Debt to Cash Flows: Interest-Bearing Debt/Operating Cash Flow
Interest Coverage Ratio: Operating Cash Flow/Interest Payments

Notes:
1. All figures are calculated based on the Consolidated Financial Statements.
2. Market Capitalization: Monthly average stock price during the last month of the fiscal year × number of shares issued (after deducting treasury shares)
3. Cash Flow: Cash Flow from Operating Activities stated in the Consolidated Statement of Cash Flows
4. Interest-bearing debt contains all liabilities to pay interest.

5. Employees

(As of March 31, 2024)

Segment of business	Number of employees	Number of temporary employees
Urban Development	969	183
Strategic Investment	384	77
Property Management & Operation	13,435	6,667
Real Estate Agents	5,707	650
Whole Company (Common)	675	97
Total	21,170	7,673

Notes: 1. The number of temporary employees is the annual average number and is not included in the number of employees in the left hand column.
2. The number of employees in the Whole Company (Common) is the number of employees belonging to administration departments that cannot be classified into any specific business segment.

6. Purchase of Property and Equipment

The Company made a capital investment of ¥242,424 million in the fiscal year, mainly in the acquisition and construction of renewable energy generation facilities in the Strategic Investment segment.
(Figures include the amounts of property and equipment, intangible fixed assets, and long-term prepaid expenses.)

Segment	Capital investment (Unit: ¥ million)	Composition
Urban Development	177,296	73.1%
Strategic Investment	33,851	14.0%
Property Management & Operation	22,084	9.1%
Real Estate Agents	8,131	3.4%
Subtotal	241,364	99.6%
Adjustment or Whole Company	1,059	0.4%
Total	242,424	100.0%

II. Outline of the Company

1. Distribution of Common Stock of the Company

(1) Total number of shares authorized to be issued by the Company:	2,400,000,000 shares
(2) Total number of shares issued:	719,830,974 shares
(3) Number of shareholders:	127,422

(4) Principal shareholders:

Name of Shareholder	Investment by each principal shareholder in the Company	
	Number of shares held	Percent of total shares issued
	(thousand shares)	(%)
The Master Trust Bank of Japan Ltd. (Trust Account)	115,260	16.01
Tokyu Corporation	114,479	15.90
Custody Bank of Japan, Ltd. (Trust Account)	55,349	7.69
Tokyu Fudosan Holdings Employee Shareholding Association	12,862	1.79
Sumitomo Mitsui Trust Bank, Limited.	12,140	1.69
The Dai-ichi Life Insurance Company, Limited	11,934	1.66
SSBTC CLIENT OMNIBUS ACCOUNT	9,652	1.34
BNYM AS AGT/CLTS 10 PERCENT	9,037	1.26
JP Morgan Securities Japan Co., Ltd.	8,479	1.18
JP Morgan Chase Bank	8,289	1.15

Note: Percent of total shares issued is calculated after excluding own shares.

2. Information on Major Subsidiaries

(As of March 31, 2024)

Name	Paid-in capital	Percentage of shares owned by the Company	Principal business
	(million yen)	(%)	
Tokyu Land Corp.	57,551	100.0	Development, sales, leasing and management of real estate
Tokyu Community Corp.	1,653	100.0	Management of buildings and condominium apartments
Tokyu Livable, Inc.	1,396	100.0	Brokerage and sales agency for land, condominiums, houses and buildings
Tokyu Housing Lease Corporation	100	100.0	Operation and subleasing of rental residence, etc.
NATIONAL STUDENTS INFORMATION CENTER CO., LTD.	40	100.0	Management of student apartments

3. Principal lenders

(As of March 31, 2024)

Lender	Amount of borrowing
	(million yen)
MUFG Bank, Ltd.	271,647
Sumitomo Mitsui Trust Bank, Limited.	210,974
Mizuho Bank, Ltd.	155,039

4. Directors and Statutory Auditors

Position and Name

Chairman	Kiyoshi Kanazashi
President and CEO	Hironori Nishikawa
Representative Director & Executive Vice President	Hitoshi Uemura
Directors & Operating Officers	Shohei Kimura
	Yoichi Ota
	Hiroaki Hoshino
	Shinichiro Usugi
Directors	Hirofumi Nomoto
	Makoto Kaiami *
	Satoshi Miura *
	Tsuguhiko Hoshino *
	Yumiko Jozuka *
	Akiko Uno *
Audit & Supervisory Board members	Masaoki Kanematsu
	Akiko Hoshina (Akiko Enokido)
	Katsunori Takechi **
	Takahiro Nakazawa **

(As of June 26, 2024)

Note: Directors marked with * are Independent Outside Directors.
Directors marked with ** are Outside Audit & Supervisory Board members.

Consolidated Balance Sheet

Tokyu Fudosan Holdings Corporation

Account title	Yen (millions) As of March 31, 2023	Yen (millions) As of March 31, 2024	U.S. dollars (thousands) (Note 2) As of March 31, 2024
Assets			
Current assets			
Cash and deposits (Note 12)	¥ 170,985	¥ 246,634	$ 1,633,338
Notes and accounts receivable - trade, and contract assets	45,771	56,192	372,132
Securities (Notes 6,23)	15,023	16,559	109,662
Merchandise	846	731	4,841
Real estate for sale (Notes 12,15)	388,913	502,267	3,326,272
Real estate for sale in process (Note 15)	403,434	407,497	2,698,656
Costs on construction contracts in progress	2,833	2,923	19,358
Supplies	750	834	5,523
Other	87,133	125,635	832,020
Allowance for doubtful accounts	(88)	(91)	(603)
Total current assets	1,115,603	1,359,185	9,001,225
Non-current assets			
Property, plant and equipment			
Buildings and structures	554,989	591,183	3,915,119
Accumulated depreciation	(206,937)	(213,796)	(1,415,868)
Buildings and structures, net (Note 12)	348,052	377,386	2,499,245
Machinery, equipment and vehicles	58,327	60,874	403,139
Accumulated depreciation	(22,382)	(23,872)	(158,093)
Machinery, equipment and vehicles, net	35,944	37,002	245,046
Land (Notes 11,12)	580,111	598,687	3,964,815
Construction in progress	81,368	60,420	400,132
Other	53,855	53,605	355,000
Accumulated depreciation	(32,876)	(32,414)	(214,662)
Other, net	20,979	21,191	140,338
Total property, plant and equipment (Notes 15,28)	1,066,456	1,094,687	7,249,583
Intangible assets			
Leasehold interests in land (Notes 12,15)	32,299	18,386	121,762
Goodwill	53,412	43,498	288,066
Other	20,168	21,617	143,159
Total intangible assets (Note 15)	105,880	83,502	552,993
Investments and other assets			
Investment securities (Notes 12,23)	295,496	332,955	2,205,000
Long-term loans receivable (Note 12)	5,282	8,614	57,046
Leasehold and guarantee deposits	92,580	91,400	605,298
Deferred tax assets (Note 27)	26,323	25,855	171,225
Retirement benefit asset (Note 25)	313	339	2,245
Other	30,836	34,524	228,636
Allowance for doubtful accounts	(314)	(312)	(2,066)
Total investments and other assets	450,517	493,376	3,267,391
Total non-current assets	1,622,854	1,671,566	11,069,974
Total assets	¥ 2,738,458	¥ 3,030,751	$ 20,071,199

Account title	Yen (millions) As of March 31, 2023	Yen (millions) **As of March 31, 2024**	U.S. dollars (thousands) (Note 2) **As of March 31, 2024**
Liabilities			
Current liabilities			
Notes and accounts payable - trade	¥ 41,847	¥ 69,633	$ 461,146
Short-term borrowings (Notes 12,13)	156,431	147,284	975,391
Current portion of bonds payable (Note 13)	10,000	20,000	132,450
Accounts payable – other	37,735	52,421	347,159
Income taxes payable	11,098	17,883	118,430
Advances received	53,761	69,650	461,258
Deposits received for consignment sales	7,107	46,650	308,940
Deposits received	41,431	45,309	300,060
Provision for bonuses	13,196	15,440	102,252
Provision for bonuses for directors (and other officers)	481	555	3,675
Provision for warranties for completed construction	677	731	4,841
Other provisions	3,081	3,124	20,689
Other	29,242	19,382	128,358
Total current liabilities	406,090	508,068	3,364,689
Non-current liabilities			
Bonds payable (Note 13)	270,000	270,000	1,788,079
Long-term borrowings (Notes 12,13)	1,046,501	1,152,839	7,634,695
Deferred tax liabilities (Note 27)	21,630	22,752	150,675
Deferred tax liabilities for land revaluation (Note 11)	4,572	4,572	30,278
Long-term leasehold and guarantee deposits received	204,371	215,747	1,428,788
Deposits received for special joint ventures	8,000	8,000	52,980
Retirement benefit liability (Note 25)	29,917	29,992	198,623
Provision for loss on guarantees	5	4	26
Provision for retirement benefits for directors (and other officers)	42	22	146
Provision for share awards for directors (and other officers)	109	154	1,020
Other provisions	664	310	2,053
Other (Note 12)	45,850	46,385	307,185
Total non-current liabilities	1,631,665	1,750,782	11,594,583
Total liabilities	2,037,755	2,258,850	14,959,272
Net assets			
Shareholders' equity (Note 31)			
Share capital	77,562	77,562	513,656
Capital surplus	165,707	165,707	1,097,397
Retained earnings	392,461	440,492	2,917,166
Treasury shares	(6,502)	(4,764)	(31,550)
Total shareholders' equity	629,228	678,996	4,496,662
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	12,485	17,251	114,245
Deferred gains or losses on hedges (Note 24)	7,231	6,138	40,649
Revaluation reserve for land (Note 11)	8,977	8,977	59,450
Foreign currency translation adjustment	26,798	38,825	257,119
Remeasurements of defined benefit plans (Note 25)	(96)	(45)	(298)
Total accumulated other comprehensive income	55,397	71,147	471,172
Share acquisition rights (Note 26)	5	5	33
Non-controlling interests	16,071	21,751	144,046
Total net assets	700,702	771,900	5,111,921
Total liabilities and net assets	¥ 2,738,458	¥ 3,030,751	$ 20,071,199

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Income

Tokyu Fudosan Holdings Corporation

Account title	Yen (millions) 2023 (From April 1, 2022 to March 31, 2023)	Yen (millions) **2024 (From April 1, 2023 to March 31, 2024)**	U.S. dollars (thousands) (Note 2) **2024 (From April 1, 2023 to March 31, 2024)**
Operating revenue	¥ 1,005,836	¥ 1,103,047	$ 7,304,947
Operating costs (Note 16)	808,685	887,013	5,874,258
Operating gross profit	197,151	216,034	1,430,689
Selling, general and administrative expenses (Note 17)	86,740	95,795	634,404
Operating profit	110,410	120,238	796,278
Non-operating income			
Interest income	200	412	2,728
Dividend income	326	666	4,411
Gain on investments in investment securities	439	134	887
Guarantee commission income	648	816	5,404
Insurance claim income	258	555	3,675
Foreign exchange gains	191	222	1,470
Share of profit of entities accounted for using equity method	—	25	166
Other	572	1,225	8,113
Total non-operating income	2,637	4,057	26,868
Non-operating expenses			
Interest expenses	10,748	12,017	79,583
Share of loss of entities accounted for using equity method	560	—	—
Other	2,180	1,886	12,490
Total non-operating expenses	13,489	13,904	92,079
Ordinary profit	99,558	110,391	731,066
Extraordinary income			
Gain on sale of non-current assets	271	—	—
Gain on sale of investment securities	56	—	—
Gain on sale of shares of subsidiaries and associates	1,535	483	3,199
Total extraordinary income	1,862	483	3,199
Extraordinary losses			
Impairment losses	31,107	6,555	43,411
Loss on sale of shares of subsidiaries and associates	—	965	6,391
Other	163	367	2,430
Total extraordinary losses (Note 18)	31,270	7,888	52,238
Profit before income taxes	70,151	102,987	682,033
Income taxes – current	22,613	34,809	230,523
Income taxes – deferred (Note 27)	(778)	(1,328)	(8,795)
Total income taxes (Note 27)	21,835	33,480	221,722
Profit	48,315	69,506	460,305
Profit attributable to non-controlling interests	88	961	6,364
Profit attributable to owners of parent	¥ 48,227	¥ 68,545	$ 453,940

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Comprehensive Income

Tokyu Fudosan Holdings Corporation

Account title	Yen (millions) 2023 (From April 1, 2022 to March 31, 2023)	Yen (millions) **2024 (From April 1, 2023 to March 31, 2024)**	U.S. dollars (thousands) (Note 2) **2024 (From April 1, 2023 to March 31, 2024)**
Profit	¥ 48,315	¥ 69,506	$ 460,305
Other comprehensive income			
Valuation difference on available-for-sale securities	(2,519)	4,766	31,563
Deferred gains or losses on hedges	6,678	(539)	(3,570)
Foreign currency translation adjustment	1,472	1,466	9,709
Remeasurements of defined benefit plans, net of tax	160	50	331
Share of other comprehensive income of entities accounted for using equity method	18,876	10,532	69,748
Total other comprehensive income (Note 19)	24,667	16,276	107,788
Comprehensive income	72,983	85,782	568,093
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	72,830	84,295	558,245
Comprehensive income attributable to non-controlling interests	¥ 152	¥ 1,486	$ 9,841

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Changes in Equity

2023 (from April 1, 2022 to March 31, 2023)

Tokyu Fudosan Holdings Corporation

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	¥77,562	¥166,585	¥356,986	¥(341)	¥600,791
Changes during period					
Dividends of surplus			(12,956)		(12,956)
Profit attributable to owners of parent			48,227		48,227
Purchase of treasury shares				(6,172)	(6,172)
Disposal of treasury shares		(0)		11	11
Reversal of revaluation reserve for land			203		203
Change in ownership interest of parent due to transactions with non-controlling interests		(877)			(877)
Net changes in items other than shareholders' equity					–
Total changes during period	–	(877)	35,474	(6,160)	28,436
Balance at end of period	¥77,562	¥165,707	¥392,461	¥(6,502)	¥629,228

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	¥15,010	¥610	¥9,181	¥6,453	¥(256)	¥30,997	¥5	¥11,503	¥643,298
Changes during period									
Dividends of surplus									(12,956)
Profit attributable to owners of parent									48,227
Purchase of treasury shares									(6,172)
Disposal of treasury shares									11
Reversal of revaluation reserve for land									203
Change in ownership interest of parent due to transactions with non-controlling interests									(877)
Net changes in items other than shareholders' equity	(2,524)	6,620	(203)	20,345	160	24,399	(0)	4,568	28,967
Total changes during period	(2,524)	6,620	(203)	20,345	160	24,399	(0)	4,568	57,403
Balance at end of period	¥12,485	¥7,231	¥8,977	¥26,798	¥(96)	¥55,397	¥5	¥16,071	¥700,702

Note: Amounts are in units of millions of yen with fractional units discarded.

2024 (from April 1, 2023 to March 31, 2024)

Tokyu Fudosan Holdings Corporation

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	¥77,562	¥165,707	¥392,461	¥(6,502)	¥629,228
Changes during period					
Dividends of surplus			(20,514)		(20,514)
Profit attributable to owners of parent			68,545		68,545
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		(0)		1,739	1,739
Reversal of revaluation reserve for land			0		0
Change in ownership interest of parent due to transactions with non-controlling interests					–
Net changes in items other than shareholders' equity					–
Total changes during period	–	(0)	48,031	1,737	49,768
Balance at end of period	¥77,562	¥165,707	¥440,492	¥(4,764)	¥678,996

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	¥12,485	¥7,231	¥8,977	¥26,798	¥(96)	¥55,397	¥5	¥16,071	¥700,702
Changes during period									
Dividends of surplus									(20,514)
Profit attributable to owners of parent									68,545
Purchase of treasury shares									(1)
Disposal of treasury shares									1,739
Reversal of revaluation reserve for land									0
Change in ownership interest of parent due to transactions with non-controlling interests									—
Net changes in items other than shareholders' equity	4,766	(1,092)	(0)	12,026	50	15,750	–	5,679	21,429
Total changes during period	4,766	(1,092)	(0)	12,026	50	15,750	–	5,679	71,198
Balance at end of period	¥17,251	¥6,138	¥8,977	¥38,825	¥(45)	¥71,147	¥5	¥21,751	¥771,900

Note: Amounts are in units of millions of yen with fractional units discarded.

2024 (from April 1, 2023 to March 31, 2024)

Tokyu Fudosan Holdings Corporation

U.S. dollars (thousands)
(Note 2)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	513,656	1,097,397	2,599,079	(43,060)	4,167,073
Changes during period					
Dividends of surplus			(135,854)		(135,854)
Profit attributable to owners of parent			453,940		453,940
Purchase of treasury shares				(7)	(7)
Disposal of treasury shares		(0)		11,517	11,517
Reversal of revaluation reserve for land			0		0
Change in ownership interest of parent due to transactions with non-controlling interests					—
Net changes in items other than shareholders' equity					—
Total changes during period	-	(0)	318,086	11,503	329,589
Balance at end of period	513,656	1,097,397	2,917,166	(31,550)	4,496,662

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	82,682	47,887	59,450	177,470	(636)	366,868	33	106,430	4,640,411
Changes during period									
Dividends of surplus									(135,854)
Profit attributable to owners of parent									453,940
Purchase of treasury shares									(7)
Disposal of treasury shares									11,517
Reversal of revaluation reserve for land									0
Change in ownership interest of parent due to transactions with non-controlling interests									—
Net changes in items other than shareholders' equity	31,563	(7,232)	(0)	79,642	331	104,305	—	37,609	141,914
Total changes during period	31,563	(7,232)	(0)	79,642	331	104,305	—	37,609	471,510
Balance at end of period	114,245	40,649	59,450	257,119	(298)	471,172	33	144,046	5,111,921

Note: Amounts are in units of thousands of dollars with fractional units discarded.

Consolidated Statement of Cash Flows

Tokyu Fudosan Holdings Corporation

Account title	Yen (millions) 2023 (From April 1, 2022 to March 31, 2023)		Yen (millions) **2024 (From April 1, 2023 to March 31, 2024)**		U.S. dollars (thousands) (Note 2) **2024 (From April 1, 2023 to March 31, 2024)**	
Cash flows from operating activities						
Profit before income taxes	¥	70,151	¥	102,987	$	682,033
Depreciation		44,502		44,637		295,609
Amortization of goodwill		5,247		5,040		33,377
Share of loss (profit) of entities accounted for using equity method		560		(25)		(166)
Increase (decrease) in retirement benefit liability		787		537		3,556
Increase (decrease) in other provisions		639		2,430		16,093
Impairment loss		31,107		6,555		43,411
Loss on valuation of inventories		3,861		529		3,503
Loss (gain) on sale of non-current assets		(271)		12		79
Loss on retirement of non-current assets		962		1,250		8,278
Interest and dividend income		(526)		(1,078)		(7,139)
Interest expenses		10,748		12,017		79,583
Decrease (increase) in trade receivables		(2,352)		(25,692)		(170,146)
Decrease (increase) in inventories		(16,498)		(45,991)		(304,576)
Increase (decrease) in trade payables		(1,216)		27,747		183,755
Increase (decrease) in deposits received for consignment sales		(24,536)		39,542		261,868
Increase (decrease) in deposits received for special joint ventures		8,000		—		—
Other, net		2,100		25,639		169,795
Subtotal		133,268		196,140		1,298,940
Interest and dividends income received		1,991		846		5,603
Interest paid		(10,725)		(11,615)		(76,921)
Income taxes paid		(29,794)		(28,905)		(191,424)
Net cash provided by (used in) operating activities	¥	94,739	¥	156,465	$	1,036,192
Cash flows from investing activities						
Payments into time deposits		(250)		(100,293)		(664,192)
Proceeds from withdrawal of time deposits		71		100,303		664,258
Loan advances		(2,430)		(2,972)		(19,682)
Proceeds from collection of loans receivable		19		85		563
Purchase of short-term and long-term investment securities		(39,575)		(40,370)		(267,351)
Proceeds from sale and redemption of short-term and long-term investment securities		12,506		110,853		734,126
Payments of leasehold and guarantee deposits		(8,905)		(6,673)		(44,192)
Proceeds from refund of leasehold and guarantee deposits		3,941		4,595		30,430
Purchase of non-current assets		(84,625)		(245,315)		(1,624,603)
Proceeds from sale of non-current assets		2,038		70		464
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation		835		2,917		19,318
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation		(2,946)		(617)		(4,086)
Other, net		(739)		(773)		169,795
Net cash provided by (used in) investing activities	¥	(120,060)	¥	(178,190)	$	(1,180,066)

Account title	Yen (millions) 2023 (From April 1, 2022 to March 31, 2023)	Yen (millions) **2024 (From April 1, 2023 to March 31, 2024)**	U.S. dollars (thousands) (Note 2) **2024 (From April 1, 2023 to March 31, 2024)**
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	¥ (598)	¥ 5,122	$ 33,921
Proceeds from long-term borrowings	209,103	198,508	1,314,623
Repayments of long-term borrowings	(151,484)	(115,408)	(764,291)
Proceeds from long-term lease and guarantee deposited	24,219	30,067	199,119
Repayments of long-term lease and guarantee deposited	(20,786)	(15,679)	(103,834)
Proceeds from issuance of bonds	20,000	20,000	132,450
Redemption of bonds	(20,000)	(10,000)	(66,225)
Dividends paid	(12,956)	(20,514)	(135,854)
Proceeds from share issuance to non-controlling shareholders	13,057	6,824	45,192
Dividends paid to non-controlling interests	(729)	(739)	(4,894)
Repayments of finance lease liabilities	(1,918)	(1,958)	(12,967)
Payments for investments in silent partnership that do not result in change in scope of consolidation	(1,321)	―	―
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	1,600	―	―
Net decrease (increase) in treasury shares	(6,160)	1,737	11,503
Other, net	(9,259)	(185)	(1,225)
Net cash provided by (used in) financing activities	¥ 42,764	¥ 97,774	$ 647,510
Effect of exchange rate change on cash and cash equivalents	(659)	(256)	(1,695)
Net increase (decrease) in cash and cash equivalents	¥ 16,784	¥ 75,793	$ 501,940
Cash and cash equivalents at beginning of period	153,865	170,649	1,130,126
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	―	(195)	(1,291)
Cash and cash equivalents at end of period (Note 20)	¥ 170,649	¥ 246,248	$ 1,630,781

See accompanying notes to the consolidated financial statements.

TOKYU FUDOSAN HOLDINGS CORPORATION
AND CONSOLIDATED SUBSIDIARIES
Notes to the Consolidated Financial Statements

1. Summary of Significant Accounting Policies

(a) Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of the Company and its consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

The notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

As permitted by the Financial Instruments and Exchange Law of Japan, amounts of less than one million yen have been rounded down. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sums of the individual amounts.

(b) Consolidation Policy

The accompanying consolidated financial statements include the accounts of the Company and significant subsidiaries controlled directly or indirectly by the Company. Significant affiliates over which the Company exercises significant influence in terms of their operating and financial policies have been included in the consolidated financial statements by applying the equity method. All significant intercompany balances and transactions have been eliminated in consolidation.

Investments in subsidiaries and affiliates which are not consolidated nor accounted for by the equity method are carried at cost or less. Where there has been a permanent decline in the value of such investments, the Company has written down the investments.

There were 203 consolidated subsidiaries as of March 31, 2024. The following companies have become consolidated subsidiaries: LeaPro.Inc and 15 other companies became consolidated subsidiaries, as they were newly established. Silent Partnership Sandia and 8 other companies (due to new investments) became consolidated subsidiaries. Silent Partnership Nogata Solar Farm (due to additional investments) became consolidated subsidiaries.

On the other hand, T.S.O., Ltd. was removed from the scope of consolidation as a result of its merger through absorption into TOKYU LAND CORPORATION the surviving entity. TOKYU SPORTS OASIS Inc. and 3 other companies were removed from the scope of consolidation as a result of sale of its shares. 9 other companies were also removed from the scope of consolidation, as a result of the completion of liquidation and so forth.

(c) Securities

The Company classifies its securities into the following three categories; trading, held-to-maturity, or available-for-sale securities. Based on this classification, all of the Company's securities were classified as either held-to-maturity or available-for-sale securities.

Held-to-maturity bonds

Amortized cost method (straight-line method)

Available-for-sale securities (including operational investment securities)

Securities other than shares, etc. with no market prices

Market value method (unrealized gains and losses are accounted for as a component of net assets, and the cost of securities sold is determined by the moving-average method)

Shares, etc. with no market prices

Cost method based on the moving-average method

For investments in silent partnerships and preferred securities in Tokutei Mokuteki Kaisha (TMK), the profit or loss attributable to the Group's equity interest is included in operating revenue or cost of revenue, while adjustments are made to marketable securities or investment securities

(d) Inventories

Inventories are stated at the lower of cost or market value. Real estate for sale, real estate for sale in process and costs on uncompleted construction contracts are determined by the gross average method or individual method, merchandise by the retail method and supplies by the moving average method.

(e) Property, Plant and Equipment (except for leased assets)

Property, plant and equipment are stated at cost except for land revalued pursuant to the Law Concerning Land Revaluation. Property, plant and equipment are principally depreciated by the declining-balance method over their estimated useful lives.

Depreciation for buildings acquired after April 1, 1998 and structures acquired after April 1, 2016 are computed by the straight-line method.

Assets acquired before March 31, 1998 are depreciated over their useful lives in accordance with the Corporate Tax Law prior to the 1998 tax reform.

Most of estimated useful lives are as follows:

Buildings and structures	3 to 69 years

Repairs and maintenance that do not improve or extend the life of the respective assets are charged to expense as incurred.

(f) Intangible Assets (except for leased assets)

Intangible assets are amortized by the straight-line method. Software (for internal use) are amortized over their estimated useful lives of 5 years.

(g) Leases

Finance leases are principally recognized as assets. Leased property is depreciated over the lease term by the straight-line method with no residual value.

Finance leases, which commenced on or before March 31, 2008, other than those in which the ownership of the leased assets is to be transferred to the lessees at the end of the lease term, are accounted for using the same method as that of operating leases.

(h) Deferred assets

Bond issuance costs are charged to income as incurred.

(i) Allowance for Doubtful Accounts

The Company and its consolidated subsidiaries provide for an allowance for doubtful accounts to cover the estimated probable losses on collection. The allowance consists of a general reserve calculated based on the historical write-off rate, and a specific reserve calculated based on the estimate of uncollectible amounts with respect to each identified doubtful account.

(j) Provision for Bonuses

The estimated amount of bonus payments relevant to the fiscal year is provided to cover the payment of bonuses to employees.

(k) Provision for Bonuses for directors (and other officers)

The estimated amount of bonus payments relevant to the fiscal year is provided to cover the payment of bonuses to directors (and other officers).

(l) Provision for loss on guarantees

To provide for losses related to guarantees, the Company records an estimated amount of losses based on the repayment status and financial position of each guaranteed party.

(m) Retirement benefit liability

Liability for retirement and severance benefits for employees is recorded based on the retirement benefit obligation and the fair value of the pension plan assets as of the balance sheet date.

Actuarial gain and loss are amortized from the year following the year in which the gain or loss is incurred by the straight-line method over the period of principally from 3 to 10 years, which is shorter than the average remaining years of service of the employees. Prior service cost is amortized by the straight-line method over the period of principally 7 years, which is shorter than the average remaining years of service of the employees.

(n) Provision for Warranties for Completed Construction

A warranty reserve for completed construction contracts is provided at an estimated amount, based on the historical level of warranty costs incurred on completed construction contracts.

(o) Provision for share awards for directors (and other officers)

To provide for the future delivery of Company shares and cash under the share delivery trust system for directors, the Company records the estimated amount of Company shares and cash to be delivered in accordance with the points allocated to directors, etc. by the end of the current fiscal year, based on the share delivery regulations.

(p) Recognition of Revenue

Revenue Recognition Standards

The main performance obligations in the Group's main businesses related to revenues arising from contracts with customers and the usual point in time at which such performance obligations are satisfied (the usual point in time at which revenues are recognized) are as follows.

In the Urban Development business, the Group mainly develops, leases, operates, and sells office buildings and commercial facilities, and develops and sells condominiums for sale, and has obligations to lease real estate and deliver real estate based on contracts with customers.

In the Strategic Investment business, the Group mainly develops, operates, and sells renewable energy power generation and logistics facilities, and invests in overseas real estate development, etc. The Group is obligated to supply power and deliver developed facilities based on contracts with customers, etc.

In the Property Management & Operation business, the Group mainly engages in comprehensive management of condominiums and buildings, and development and operation of resort facilities and senior housing, etc., and is obligated to provide services stipulated in contracts with customers, etc.

In the Real Estate Agents business, the Company is mainly engaged in brokerage, purchase and resale business, and management and operation of rental housing and student condominiums. The Company is obligated under contracts with customers to broker real estate sales contracts, to deliver real estate, and to provide services stipulated in contracts with customers, etc.

For these performance obligations, such as the obligation to deliver real estate to customers, revenue is recognized at the time of delivery as stipulated in the contract. On the other hand, the obligation to provide services is a performance obligation that is satisfied over a certain period of time, and revenue is recognized as the services are provided. However, for certain contracts, the performance obligation is satisfied at a certain point in time when the services are rendered in accordance with the terms of the contract, and revenue is recognized at that point. The Company recognizes revenue from performance obligations related to real estate leases in accordance with the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, March 30, 2007).

The transaction price is determined by the contract or terms and conditions with the customer and is received at the time stipulated in the contract or terms and conditions. The amount of consideration does not include any significant financial component. There are no significant variable considerations that could change the amount of the consideration.

Alternative treatments of materiality, etc., are used for revenue recognition.

Method for recording advertising expense

Advertising expense in the condominium business that are clearly linked to certain property is capitalized before delivery to match its corresponding revenue, and expensed in lump sum at the time of delivery.

(q) Foreign Currency Translation

All receivables and payables denominated in foreign currencies at the balance sheet date are translated at the exchange rates in effect as of the balance sheet date, and the translation gain or loss is included in other non-operating income or expenses.

The assets and liability accounts and the revenue and expense accounts of the consolidated foreign subsidiaries are translated into yen at the year-end rates and the average rates in effect during the period, respectively. Differences resulting from the translation are presented as “Foreign currency translation adjustment” and “Non-controlling interests” in the “Net assets” section.

(r) Derivative Financial Instruments

The Company and certain consolidated subsidiaries utilize derivative financial instruments for the purpose of hedging their exposure to adverse fluctuations and changes in interest rates (interest rate swaps),money order, commodities, but do not enter into such transactions for speculative or trading purposes.

Derivative financial instruments are carried at fair value with any changes recognized in income or expense, except for those which meet the criteria for deferral hedge accounting under which the gain or loss is deferred and presented in “Deferred gains or losses on hedging”.

When the Company enters into interest rate swap agreements to hedge the interest rate risks and the agreements meet certain criteria, the interest rate swap agreements are eligible for a special treatment. Under the special treatment, the hedged debt is accounted for as if it had the interest of the debt and the interest rate swap combined, not the original interest rate of the debt by itself.

(s) Amortization of Goodwill

Goodwill is amortized by the straight-line method over the estimated period (from one year to twenty years) of its effect.

(t) Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, cash equivalents are defined as low-risk, highly liquid, short-term investments (maturing within three months from the acquisition date) which are readily convertible to cash.

(u) Accounting method for consumption taxes not deductible

Non-deductible consumption taxes on assets are expensed in the period in which they are incurred.

2. Basis of Financial Statements Translation

The accompanying consolidated financial statements presented herein are expressed in Japanese yen, and solely for the convenience of readers, have been translated into United States dollars at the rate of ¥151=U.S. $1.00, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2024. This translation should not be construed as a representation that all the amounts shown could be converted into U.S. dollars at that rate.

3. Significant accounting estimates

The Group’s consolidated financial statements are prepared in accordance with Generally Accepted Accounting Principles in Japan (Japanese GAAP). When preparing the consolidated financial statements, the Group has to make estimates and projections that could have an impact on reported figures of assets and liabilities on the closing date, the disclosure of contingent liabilities and reported figures of revenues and expenses during the reporting period. Therefore, there are uncertainties in the estimates and projections, and actual results in the future may differ from these estimates and projections.

In particular, the Group considers that the following accounting estimates and assumptions will have a significant impact on the Company's consolidated financial statements.

1. Valuation of inventories and investments in silent partnerships (current)

(1) Amounts recorded on the consolidated financial statements for the current fiscal year

	Yen (millions)	Yen (millions)	U.S. dollars (thousands)
	2023	**2024**	**2024**
Merchandise	¥ 846	¥ 731	$ 4,841
Real estate for sale	388,913	502,267	3,326,272
Real estate for sale in process	403,434	407,497	2,698,656
Costs on construction contracts in progress	2,833	2,923	19,358
Investments in silent partnerships	5,767	8,613	57,040
Securities	8,925	7,599	50,325
Loss on valuation of inventories	3,861	529	3,503

Note: Investments in silent partnerships are included in "Securities" on the consolidated balance sheet.

Loss on valuation of inventories is included in "Operating costs" in the consolidated statement of income.

(2) Information on the content of significant accounting estimates pertaining to identified items

(i) Calculation method

The decline in profitability is written down from the book value. If the net realizable value falls below the acquisition cost, the net realizable value is used as the value on the consolidated balance sheet, and the difference is recognized as valuation loss. The valuation loss is directly reduced from inventories. The net realizable value is calculated by deducting the estimated costs of construction to complete and estimated direct selling expenses from the selling price.

(ii) Key assumptions

Significant assumption in the valuation of inventories, and investments in silent partnerships (current) and Securities is the market value of the real estate in the selling market.

(iii) Impact on the consolidated financial statements for the following fiscal year

Actual sales price could differ from the estimates due to trends in the selling market, etc.

2. Impairment of property, plant and equipment and intangible assets

(1) Amounts recorded on the consolidated financial statements for the current fiscal year

	Yen (millions)	Yen (millions)	U.S. dollars (thousands)
	2023	**2024**	**2024**
Property, plant and equipment	¥ 1,066,456	¥ 1,094,687	$ 7,249,583
Intangible assets	105,880	83,502	552,993
Impairment loss	31,107	6,555	43,411

(2) Information on the content of significant accounting estimates pertaining to identified items

(i) Calculation method

We determine whether there is any indicator of impairment in an asset or an asset group. If an indicator is identified, we compare the total amount of undiscounted future cash flows provided from the asset or the asset group and the book value. If the total amount of undiscounted future cash flows is less than the book value, the book value is reduced to the recoverable value, and the reduced amount is recognized as impairment loss. The recoverable value is calculated by the net selling price or value in use.

(ii) Key assumptions

Significant assumptions in the determination of indicators of impairment, the estimate of future cash flows and the calculation of recoverable values are the market value used in the calculation of selling price, tenant rents and occupancy rates of offices and commercial facilities based on historical performance, the unit prices and occupancy rates of resort facilities, the number of managed properties and discount rates. In addition, assumptions in business plans to determine whether there is an indicator of impairment and estimate future cash flows in real estate development business include the status of negotiations with land owners and local governments, development period, costs of construction, and tenant rents and occupancy rates, etc. after development.

(iii) Impact on the consolidated financial statements for the following fiscal year

Although careful considerations are given in the identification of indicators of impairment, and recognition and measurement of impairment losses, an impairment loss could become necessary if conditions and assumptions on which the estimated amounts are based have changed, due to changes in business plans or market environment, weather or disasters, etc., and if the estimated amounts have declined.

3. Valuation of investment securities

(1) Amounts recorded on the consolidated financial statements for the current fiscal year

	Yen (millions)		Yen (millions)		U.S. dollars (thousands)	
	2023		**2024**		**2024**	
Investment securities	¥	295,496	¥	332,955	$	2,205,000
Loss on valuation of investment securities		553		443		2,934

Note: Loss on valuation of investment securities and loss on valuation of shares of subsidiaries are included in "Other" of "Non-operating expenses" in the consolidated state of income.

(2) Information on the content of significant accounting estimate pertaining to the identified item

(i) Calculation method

The market value method is used for non-marketable equity securities, etc., and the cost method, etc., is used for stocks and other securities without market quotations, etc. For non-marketable equity securities, etc., if the fair value at the end of the period has declined by 50% or more compared to the acquisition cost, impairment loss is recognized as there is no expectation of recovery unless reasonably disproved, and if the fair value has declined by 30% to 50%, impairment loss is recognized for the amount deemed necessary in consideration of the possibility of recovery, etc. On the other hand, for stocks and other securities without market quotations, if the actual value has declined by 50% or more compared to the acquisition cost, impairment loss is recognized unless the possibility of recovery is supported by sufficient evidence.

(ii) Key assumptions

Significant assumptions in the valuation of non-marketable equity securities are the business future performance of the investee and the valuation of assets held by the investee. For assumptions regarding the business performance of the investee that engage in the real estate development business, please refer to the statement in "2. Impairment of property, plant and equipment and intangible assets."

(iii) Impact on the consolidated financial statements for the following fiscal year

If the business future performance of the investee and the valuation of assets held by the investee differ from those at the time of estimation, loss on valuation of investment securities could be recorded.

4. Change in accounting policy

Application of Accounting Standard for Fair Value Measurement

The Company has elected to apply the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021, hereinafter referred as the "Guidance on Accounting Standard for Fair Value Calculation") starting from the beginning of the consolidated fiscal year ended March 31, 2023 and to apply the new accounting policies set forth in the Guidance on Accounting Standard for Fair Value Calculation in the future accordance with the transitional treatment set forth in Article 27, paragraph (2) of said guidance.

Note that the effect of the application of said guidance on the consolidated financial statements is immaterial.

5. Accounting standards issued but not yet adopted, etc

・ Accounting Standard for Current Income Taxes (ASBJ Statement No. 27 October 28, 2022 Accounting Standards Board of Japan)
・ Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25 October 28, 2022 Accounting Standards Board of Japan)
・ Implementation Guidance on Tax Effect Accounting (ASBJ Statement No. 28 October 28, 2022 Accounting Standards Board of Japan)

(1) Overview

In February 2018, Partial Amendments to Accounting Standard for Tax Effect Accounting, etc. (ASBJ Statement No. 28) (hereinafter "ASBJ Statement No. 28, etc.") was released, completing the transfer of practical guidelines on tax effect accounting from the Japanese Institute of Certified Public Accountants to the Accounting Standards Board of Japan. In the course of deliberation, the following two issues, which were to be reviewed after the release of ASBJ Statement No. 28, etc., were discussed and published:

・Classification of tax expenses (taxation on other comprehensive income)
・Tax effect on the sale of shares in subsidiaries, etc. (shares of subsidiaries or affiliates) when group taxation is applied

(2) Scheduled application date

Effective from the beginning of the fiscal year ending March 31, 2025.

(3) Impact of the application of the accounting standard, etc.

The impact of the application of the Accounting Standard for Current Income Taxes, etc. on the consolidated financial statements is currently being evaluated.

6. Reclassification

Certain reclassifications have been made to the previous year's consolidated financial statements to conform to the presentation used for the year ended March 31, 2024.

(Consolidated statement of income)

In the previous consolidated fiscal year, "Insurance claim income" which had been included in "Other" under non-operating income, had increased monetary significance. As such, the Company has elected to set it down as a stand-alone item starting with the consolidated fiscal year ended March 31, 2024. The Company has reclassified its consolidated financial statements for the previous consolidated fiscal year to reflect this change in indication method.

In the previous consolidated fiscal year, "Subsidy income" under non-operating income, which had been set down separately, now has little monetary significance. As such, the Company has elected to include it in “Other” in the consolidated fiscal year ended March 31, 2024. The Company has reclassified its consolidated financial statements for the previous consolidated fiscal year to reflect this change in indication method.

As a result, the ¥347 million indicated for “Subsidy income” and the ¥483 million indicated for “Other” under non-operating income on the consolidated statement of income for the previous consolidated fiscal year have been reclassified into ¥258 million as “Insurance claim income” and ¥572 million as “Other.”

7. Additional information

(Director Stock Ownership Plan Trust)

The Company is continuing to implement the share remuneration scheme (hereinafter referred to as the “Scheme”) using a trust that it had implemented from FY2017 as a form of remuneration for Directors (excluding outside directors and non-executive directors) and Operating Officers (limited to those set forth by the Board of Directors, hereinafter referred to as “Directors, etc.” together with Directors) in order to enhance awareness of contributing to the growth of corporate value through improved business performance over the medium- to long-term after making partial changes to the Scheme in accordance with a resolution of the Ordinary General Meeting of Shareholders held on June 25, 2021.

(1) Overview of transactions

The Scheme is a share remuneration scheme funded with monies contributed by the Company through which Company shares are acquired through a trust (already established at the time of the implementation of the Scheme in 2017, hereinafter referred to as the “Trust”) and granted to Directors, etc. through the Trust in accordance with the Share Granting Regulations set forth by the Board of Directors of the Company. The timing when the Directors, etc. will be granted the Company shares, etc. shall be the time of their resignation in principle. Note that with respect to a certain percentage of shares among the Company shares, monies will be granted in place of Company shares after they are sold and converted into cash in the Trust in order for the Company to withhold withholding income tax and other funds to pay tax obligations.

(2) The shares of the Company remaining in the Trust

The Company records the shares of the Company remaining in the Trust as treasury shares under net assets according to the book value in the Trust (minus the amount of ancillary expenses). The book value of said treasury shares and the number of shares at the end of the previous consolidated fiscal year is ¥303 million and 469,650 shares, respectively. The book value of said treasury shares and the number of shares at the end of the consolidated fiscal year ended March 31, 2024 is ¥291 million and 450,550 shares, respectively.

(Transactions issuing Company shares through trusts to employees, etc.)

At a meeting held on December 23, 2022, the Board of Directors passed a resolution to introduce a Trust-type Employee Shareholding Incentive Plan (E- Ship®) (the “Plan”) for the purpose of giving an incentive to the employees of the Company and the Group (the “Employees”) to increase the Company’s medium- to long-term corporate value.

1. Overview of transactions

The Plan is an incentive plan for all Employees who participate in the Tokyu Fudosan Holdings Employee Shareholding Association (the “ESA”). For the Plan, the Company will establish the Tokyu Fudosan Holdings Employee Shareholding Incentive Plan Trust (the “E-Ship Trust”) through a trust bank, and the E-Ship Trust will acquire the shares of the Company that are expected to be acquired by the ESA for the next two years and nine months. The E-ship Trust will then sell the shares of the Company to the ESA on an ongoing basis. If the E-Ship Trust has a surplus equivalent to gains on the sale of the shares at the end of the trust term, it will be distributed as residual assets to those who meet the beneficiary eligibility requirements. As the Company will become the guarantor of the loans taken for the E-Ship Trust to acquire the shares of the Company, if the E-Ship Trust has a deficit equivalent to losses on the sale of the shares due to declines in the price of the shares of the Company and thus an outstanding loan balance equivalent to the losses on the sale of the shares at the end of the trust term, the Company will pay the said loan balance.

2. Overview of the E-Ship Trust

(1) Name: Tokyu Fudosan Holdings Employee Shareholding Incentive Plan Trust
(2) Trustor: The Company
(3) Trustee: The Nomura Trust and Banking Co., Ltd.
(4) Beneficiaries: Those who meet the beneficiary eligibility requirements
(They will become beneficiaries after given procedures once the requirements are met.)
(5) Trust contract date: December 23, 2022
(6) Trust term: December 23, 2022 to August 27, 2025
(7) Purpose of trust: Stable and continuous supply of shares to the ESA and distribution of trust assets to those who meet the beneficiary eligibility requirements Delivery of assets
(8) Beneficiary eligibility requirements: All persons who are alive and are participants in the ESA on the start date of the beneficiary determination procedures (the date on which the trust term ends, when all trust assets are converted to cash, the date on which all shares of the Company held as trust assets are sold to the ESA, etc.), including persons who have withdrawn from the ESA due to retirement, transfer, promotion to the position of an officer, or expiration of an employment term between December 23, 2022 and the start date of the beneficiary determination procedures.

3. Details of shares of the Company to be acquired by the E-Ship Trust

(1) Type of shares to be acquired: Common shares of the Company
(2) Total amount to be acquired: Up to ¥6,923 million
(3) Share acquisition period: January 4, 2023 to March 14, 2023
(4) Share acquisition method: To be acquired from the exchange market

4. Company shares remaining in trust

The Company record Company shares remaining in the E-Ship Trust as treasury shares under net assets according to the book value in the trust (minus the amount of ancillary expenses). The book value of said treasury shares and the number of shares at the end of the previous consolidated fiscal year is ¥6,171 million and 9,710,000 shares, respectively. The book value of said treasury shares and the number of shares at the end of the consolidated fiscal year ended March 31, 2024 is ¥4,444 million and 6,993,300 shares, respectively.

5. Book value of loans recorded based on application of gross method

Consolidated fiscal year ended March 31, 2023: ¥6,225 million
Consolidated fiscal year ended March 31, 2024: ¥3,597 million

8. Investments in Silent Partnerships and Operational Investment Securities

Investments in silent partnerships and TMKs holding properties for sale, and operational investment securities included in securities at March 31, 2023 and 2024 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2023	**2024**	**2024**
Investments in silent partnership	¥ 5,767	¥ 8,613	$ 57,040
Securities	8,925	7,599	50,325

9. Investments in Unconsolidated Subsidiaries and Affiliates

Investments in unconsolidated subsidiaries and affiliates at March 31, 2023 and 2024 consisted of the following:

	Yen (millions)		U.S. dollars (thousands)
	2023	**2024**	**2024**
Investment securities	¥ 177,105	¥ 201,176	$ 1,332,291

10. Contingent Liabilities

At March 31, 2023 and 2024 the Company and consolidated subsidiaries have the following contingent liabilities:

	Yen (millions)		U.S. dollars (thousands)
	2023	**2024**	**2024**
Guarantee of loans on behalf of:			
Individual customers for principally housing loans	¥ 5	¥ 4	26
Membership loan users	0	0	0
425 Park Owner LLC	4,310	-	-
425 Park Investment LLC	-	15,141	100,272
425 Park Junior Investment LLC	43,664	49,511	327,887
Yonago Biomass power plant Joint company	1,718	1,948	12,901
Rhapsody TMK	3,000	-	-
Violet LLC	3,500	-	-
TLS5 TMK	2,000	2,000	13,245
Tahara Green Biomass GK	1,683	1,683	11,146
Spade House LLC	-	42,000	278,146
ENERGIAS DE PORTUGAL,S.A.	-	339	2,245
NEXUS ENERGIA,S.A.	-	29	192
	¥ 59,882	¥ 112,657	$ 746,073

11. Revaluation of Land

Land owned by TOKYU LAND CORPORATION and IZU KANKOU KAIHATSU, subsidiaries of the company, were revalued pursuant to the Law Concerning Land Revaluation (Law No. 34, promulgated March 31, 1998).

Method of revaluation

Value of land is determined based on the price which is described in Article 2, Item 5 of the Ordinance Implementing the Law Concerning Land Revaluation (Government Ordinance No. 119, promulgated March 31, 1998). Value of certain portions of the land is determined based on Item 2, 3, and 4 of the Government Ordinance.

Date of revaluation

TOKYU LAND CORPORATION	March 31, 2000
(Revaluation on merger of subsidiaries)	March 31, 2001
IZU KANKOU KAIHATSU	January 31, 2001

The market value of the revalued land was higher than the book value after revaluation at March 31, 2023 and 2024 respectively. As such, the difference is not stated.

12. Pledged Assets and Secured Liabilities

Pledged assets and secured liabilities at March 31, 2023 and 2024 are summarized as follows:

(1) Pledged assets

	Yen (millions)		U.S. dollars (thousands)
	2023	**2024**	**2024**
Cash and deposits	¥ 2,753	¥ 3,033	$ 20,086
Inventories (Real estate for sale)	82,712	87,375	578,642
Buildings and structures	202,653	194,076	1,285,272
Land	301,165	301,165	1,994,470
Leasehold interests in land	6,183	6,147	40,709
Investment securities	1,323	328	2,172
Long-term loans receivable	139	126	834
	¥ 596,931	¥ 592,254	$ 3,922,212

(2) Secured liabilities

	Yen (millions)		U.S. dollars (thousands)
	2023	**2024**	**2024**
Short-term borrowings	¥ 66,070	¥ 28,081	$ 185,967
Long-term borrowings	336,105	374,335	2,479,040
Other non-current liabilities	2,261	2,261	14,974
	¥ 404,436	¥ 404,677	$ 2,679,980

Tokyu Land Corporation, a subsidiary of the Company, transferred land to another company in which Tokyu Land Corporation has made preferred equity investment and treated the transaction as a finance transaction according to the Practical Guidelines on Accounting by Transferors for Derecognition of Real Estate Securitized by means of Special Purpose Companies (the Accounting System Committee Statement No. 15 of the Japanese Institute of Certified Public Accountants (JICPA) dated November 4, 2014).

Accordingly, the figures above include such assets offered as security and the secured obligations as follows.

	Yen (millions)		U.S. dollars (thousands)
	2023	**2024**	**2024**
Real estate for sale	¥ 2,261	¥ 2,261	$ 14,974
Other non-current liabilities	2,261	2,261	14,974

Of the long-term borrowings, the following are in the form of non-recourse loans where security is limited to certain specified assets.

	Yen (millions)		U.S. dollars (thousands)
	2023	**2024**	**2024**
Short-term borrowings (Current portion of long-term borrowings)	¥ 66,070	¥ 28,081	$ 185,967
Long-term borrowings	336,105	374,335	2,479,040

Specified assets subject to allowances for the payment of such debt are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2023	**2024**	**2024**
Cash and deposits	¥ 2,753	¥ 3,033	$ 20,086
Real estate for sale	76,655	85,114	563,669
Buildings and structures	202,653	194,076	1,285,272
Land	301,165	301,165	1,994,470
Leasehold interests in land	6,183	6,147	40,709

13. Short-term borrowings and Long-term Debt

Short-term borrowings at March 31, 2023 (¥44,289 million) and 2024 (¥49,411 million ($327,225 thousand)) consist of loans principally from banks with weighted average interest rates of 0.36% in 2024.

Long-term debt at March 31, 2023 and 2024 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2023	**2024**	**2024**
0.856% unsecured corporate bond, maturing 2025	10,000	10,000	66,225
0.968% unsecured corporate bond, maturing 2026	10,000	10,000	66,225
0.780% unsecured corporate bond, maturing 2032	10,000	10,000	66,225
0.800% unsecured corporate bond, maturing 2032	10,000	10,000	66,225
0.455% unsecured corporate bond, maturing 2027	10,000	10,000	66,225
0.790% unsecured corporate bond, maturing 2033	10,000	10,000	66,225
0.410% unsecured corporate bond, maturing 2028	10,000	10,000	66,225
0.780% unsecured corporate bond, maturing 2033	10,000	10,000	66,225
0.390% unsecured corporate bond, maturing 2028	10,000	10,000	66,225
0.980% unsecured corporate bond, maturing 2038	10,000	10,000	66,225
0.180% unsecured corporate bond, maturing 2024	10,000	-	-
0.455% unsecured corporate bond, maturing 2029	10,000	10,000	66,225
0.370% unsecured corporate bond, maturing 2030	10,000	10,000	66,225
0.880% unsecured corporate bond, maturing 2040	10,000	10,000	66,225
0.190% unsecured corporate bond, maturing 2025	10,000	10,000	66,225
0.700% unsecured corporate bond, maturing 2040	10,000	10,000	66,225
0.440% unsecured corporate bond, maturing 2026	10,000	10,000	66,225
0.600% unsecured corporate bond, maturing 2031	10,000	10,000	66,225
1.060% unsecured corporate bond, maturing 2056	40,000	40,000	264,901
1.240% unsecured corporate bond, maturing 2061	30,000	30,000	198,675
0.300% unsecured corporate bond, maturing 2032	10,000	10,000	66,225
0.320% unsecured corporate bond, maturing 2026	10,000	10,000	66,225
0.694% unsecured corporate bond, maturing 2028	10,000	10,000	66,225
0.450% unsecured corporate bond, maturing 2029	-	10,000	66,225
0.880% unsecured corporate bond, maturing 2034	-	10,000	66,225
Loans principally from Japanese banks and insurance companies (including loans in foreign currencies), maturing 2024 to 2036 with weighted average interest rates of 0.71% in 2024.			
Secured	402,175	402,416	2,665,007
Unsecured	756,468	848,295	5,617,848
	1,438,643	1,540,712	10,203,391
Less current portion	112,142	97,872	648,159
	¥ 1,326,501	¥ 1,442,839	$ 9,555,225

The aggregate annual maturity of long-term debt after March 31, 2023 and 2024 are as follows:

2023

Year ending March 31,	Yen (millions)	U.S. dollars (thousands)
2025	¥ 110,674	$ 832,135
2026	234,151	1,760,534
2027	146,321	1,100,158
2028	210,186	1,580,346
2029 and thereafter	615,167	4,625,316
	¥ 1,316,501	$ 9,898,504

2024

Year ending March 31,	Yen (millions)	U.S. dollars (thousands)
2026	¥ 227,354	$ 1,505,656
2027	147,898	979,457
2028	211,769	1,402,444
2029	228,508	1,513,298
2030 and thereafter	607,308	4,021,907
	¥ 1,422,839	$ 9,422,775

14. Commitment Lines

The Company and certain consolidated subsidiaries entered into contracts for overdraft with 26 banks at March 31, 2023 and March 31, 2024 respectively, and commitment lines with 10 banks at March 31, 2023 and March 31, 2024 respectively. These contracts at March 31, 2023 and 2024 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2023	**2024**	**2024**
Limit of overdraft	¥ 248,169	¥ 247,289	$ 1,637,675
Line of credit	104,000	104,000	688,742
Borrowing outstanding	44,289	48,589	321,781
Available commitment lines	¥ 307,880	¥ 302,700	$ 2,004,636

15. Change in Purpose of Possession

The following amount was transferred due to a change in the purpose of possession.

	Yen (millions)		U.S. dollars (thousands)
	2023	**2024**	**2024**
From property, plant and equipment to real estate for sale	¥ 36,622	¥ 88,024	$ 582,940
From intangible assets to real estate for sale	-	2,312	15,311
From property, plant and equipment to real estate for sale in process	19,006	-	-
From real estate for sale to property, plant and equipment	10,837	2,573	17,040
From real estate for sale to intangible assets (leasehold)	3,386	-	-
From real estate for sale to investments and other assets	93	-	-
From securities to investment securities	6,473	-	-
From investment securities to securities	-	3,329	22,046

16. Loss on Valuation of Inventories

The balance of inventories at the end of the fiscal year is the amount after a write-down corresponding to declined profitability. The following loss on valuation of inventories is included in “Operating costs”.

	Yen (millions)		U.S. dollars (thousands)
	2023	**2024**	**2024**
Loss on valuation of inventories	¥ 3,861	¥ 529	$ 3,503

17. Selling, General and Administrative expenses

The main items of selling, general and administrative expenses are as follows.

	Yen (millions)		U.S. dollars (thousands)
	2023	**2024**	**2024**
Salaries, allowance and bonuses	¥ 18,989	¥ 20,613	$ 136,510
Selling and advertising expenses	11,282	11,775	77,980
Rent expenses	4,713	4,983	33,000
Provision for bonuses	2,473	3,392	22,464
Provision for bonuses for directors (and other officers)	225	201	1,331
Retirement benefit expenses	988	982	6,503
Provision for retirement benefits for directors (and other officers)	10	-	-

18. Impairment Loss on Fixed Assets

2023

For the year ended March 31, 2023, the Company recognized impairment loss on fixed assets in the following asset groups:

Primary use	Type	Location	Impairment loss Yen (millions)	Impairment loss U.S. dollars (thousands)
Leased assets	Land	Chuo-ku, Tokyo	¥21,105	$158,684
Ski resort	Land, Buildings and structures, other fixed assets	Katsuyama City, Fukui Prefecture	¥3,457	$25,992
Operation facility	Buildings and structures, other fixed assets	Narashino City, Chiba Prefecture, etc.	¥2,517	$18,925
Others (8 assets)	Buildings and structures, other fixed assets	Other area	¥4,025	$30,263

To determine impairment losses, assets are divided into groups that are minimal units that generate cash flows independently of other assets and asset groups. Consequently, the Group wrote down the carrying amounts of 11 assets groups to their recoverable values. These asset groups were those where sales or retirement were planned, and those where losses were recorded from operating activities for consecutive years. The amounts written down were recorded as impairment loss of ¥31,107 million ($233,887 thousand).

The recoverable value of the asset groups was measured by their net selling price or value in use. The net selling price was determined by value based on real estate appraisal standards, value at which the asset group could be sold, or market price of land and other assets. The value in use was calculated by discounting future cash flows at 4.4%～9.7%.

2024

For the year ended March 31, 2024, the Company recognized impairment loss on fixed assets in the following asset groups:

Primary use	Type	Location	Impairment loss Yen (millions)	Impairment loss U.S. dollars (thousands)
Property Management	Goodwill	—	¥4,874	$32,278
Ski resort	Buildings and structures, other fixed assets	Nasu District, Tochigi Prefecture	¥820	$5,430
Operation facility (3 assets)	Buildings and structures, other fixed assets	Chiyoda-ku, Tokyo, etc.	¥662	$4,384
Others (2 assets)	Buildings and structures, other fixed assets	Other area	¥199	$1,318

To determine impairment losses, assets are divided into groups that are minimal units that generate cash flows independently of other assets and asset groups. Consequently, the Group wrote down the carrying amounts of 7 assets groups to their recoverable values. These asset groups were those where sales or retirement were planned, and those where losses were recorded from operating activities for consecutive years. The amounts written down were recorded as impairment loss of ¥6,555 million ($43,411 thousand).

The recoverable value of the asset groups was measured by their net selling price or value in use. The net selling price was determined by value based on real estate appraisal standards, value at which the asset group could be sold, or market price of land and other assets. The value in use was calculated by discounting future cash flows at 3.8%～8.4%.

19. Other Comprehensive Income

The following table presents components of other comprehensive income for the year ended March 31, 2023 and 2024:

(1) Reclassification to income for the year of other comprehensive income

	Yen (millions)				U.S. dollars (thousands)	
	2023		**2024**		**2024**	
Valuation difference on available-for-sale securities:						
Amount arising during the year	¥	(3,586)	¥	6,846	$	45,338
Reclassification to income for the year		(46)		15		99
Total valuation difference on available-for-sale securities	¥	(3,632)	¥	6,862	$	45,444
Deferred gains or losses on hedges:						
Amount arising during the year		7,976		1,015		6,722
Reclassification to income for the year		—		(611)		(4,046)
Total deferred gains or losses on hedges	¥	7,976	¥	404	$	2,675
Foreign currency translation adjustment:						
Amount arising during the year		1,472		1,466		9,709
Reclassification to income for the year		—		—		—
Total foreign currency translation adjustment	¥	1,472	¥	1,466	$	9,709
Remeasurements of defined benefits:						
Amount arising during the year		3		(58)		(384)
Reclassification to income for the year		246		129		854
Total remeasurements of defined benefits	¥	249	¥	70	$	464
Share of other comprehensive income of entities accounted for using equity method:						
Amount arising during the year		18,876		10,532		69,748
Reclassification to income for the year		—		—		—
Total share of other comprehensive income of entities accounted for using equity method	¥	18,876	¥	10,532	$	69,748
Amount before tax effect		24,942		19,335		128,046
Tax effect		(274)		(3,059)		(20,258)
Total accumulated other comprehensive income	¥	24,667	¥	16,276	$	107,788

(2) Tax effect of other comprehensive income

	Yen (millions)				U.S. dollars (thousands)	
	2023		**2024**		**2024**	
Valuation difference on available-for-sale securities：						
Before tax effect	¥	(3,632)	¥	6,862	$	45,444
Tax effect		1,113		(2,096)		(13,881)
After tax effect	¥	(2,519)	¥	4,766	$	31,563
Deferred gains or losses on hedges：						
Before tax effect		7,976		404		2,675
Tax effect		(1,298)		(943)		(6,245)
After tax effect	¥	6,678	¥	(539)	$	(3,570)
Foreign currency translation adjustment：						
Before tax effect		1,472		1,466		9,709
Tax effect		—		—		—
After tax effect	¥	1,472	¥	1,466	$	9,709
Remeasurements of defined benefit plans：						
Before tax effect		249		70		464
Tax effect		(88)		(19)		(126)
After tax effect	¥	160	¥	50	$	331
Share of other comprehensive income of entities accounted for using equity method：						
Before tax effect		18,876		10,532		69,748
Tax effect		—		—		—
After tax effect	¥	18,876	¥	10,532	$	69,748
Total accumulated other comprehensive income						
Before tax effect		24,942		19,335		128,046
Tax effect		(274)		(3,059)		(20,258)
After tax effect	¥	24,667	¥	16,276	$	107,788

20. Supplementary Cash Flow Information

For the purpose of the statement of cash flows, the Company considers all highly liquid investments with little risk of changes in value that have maturities of generally three months or less when purchased to be cash equivalents. The components of cash and cash equivalents at March 31, 2023 and 2024 are as follows:

	Yen (millions)				U.S. dollars (thousands)	
	2023		**2024**		**2024**	
Cash and deposits	¥	170,985	¥	246,634	$	1,633,338
Time deposits with maturity over three months		(335)		(387)		(2,563)
Short-term loans receivable		—		0		0
Cash and cash equivalents	¥	170,649	¥	246,248	$	1,630,781

The details of significant non-cash transactions

	Yen (millions)		U.S. dollars (thousands)
	2023	**2024**	**2024**
The amount transferred from property, plant and equipment to real estate for sale due to change in purpose of holding the real estate	¥ 36,622	¥ 90,337	$ 598,258
The amount transferred from property, plant and equipment to real estate for sale in process due to change in purpose of holdings the real estate	19,006	―	―
The amount transferred from real estate for sale to property, plant and equipment due to change in purpose of holding the real estate.	14,317	2,573	17,040
The amount transferred from Securities to Investment Securities due to change in purpose of holdings the Securities	6,473	―	―
The amount transferred from Investment Securities to Securities due to change in purpose of holdings the Securities	―	3,329	22,046
Assets related to finance leases	476	1,431	9,477
Liabilities related to finance leases	500	1,574	10,424
Liabilities related to asset retirement obligations	3,161	1,651	10,934

21. Information Regarding Certain Leases

(Finance Lease Transactions as lessee)

Finance leases, which commenced on or before March 31, 2008, other than those in which the ownership of the leased assets is to be transferred to the lessees at the end of the lease term, are accounted for using the same method as that of operating leases. Additional information on these finance leases as of and for the years ended March 31, 2023 and 2024 are as follows:

(1) Acquisition cost, accumulated depreciation, accumulated impairment loss, and carrying amount of leased properties (mainly office equipment) at March 31, 2023 and 2024 if they were capitalized

	Yen (millions)		U.S. dollars (thousands)
	2023	**2024**	**2024**
Acquisition cost	¥ 6,251	¥ 5,810	$ 38,477
Accumulated depreciation	4,916	4,876	32,291
Carrying amount	¥ 1,334	¥ 933	$ 6,179

(2) Future lease payments at March 31, 2023 and 2024

	Yen (millions)		U.S. dollars (thousands)
	2023	**2024**	**2024**
Due within one year	¥ 516	¥ 453	$ 3,000
Due after one year	1,648	1,105	7,318
Total	¥ 2,165	¥ 1,559	$ 10,325

(3) Amount of lease payments, reversal of impairment loss account on leased assets, depreciation expense equivalent, and interest expenses equivalent thereof at March 31, 2023 and 2024

	Yen (millions)				U.S. dollars (thousands)	
	2023		**2024**		**2024**	
Lease payments	¥	517	¥	516	$	3,417
Depreciation expense equivalent		312		312		2,066
Interest expenses equivalent		113		90		596

(Operating Lease Transactions as lessee)

Future lease payments of non-cancellable leases at March 31, 2023 and 2024 are as follows:

	Yen (millions)				U.S. dollars (thousands)	
	2023		**2024**		**2024**	
Due within one year	¥	34,500	¥	40,973	$	271,344
Due after one year		629,762		586,126		3,881,629
Total	¥	664,263	¥	627,100	$	4,152,980

(Operating Lease Transactions as lessor)

Future lease payments of non-cancellable leases to be received at March 31, 2023 and 2024 are as follows:

	Yen (millions)				U.S. dollars (thousands)	
	2023		**2024**		**2024**	
Due within one year	¥	47,546	¥	51,828	$	343,232
Due after one year		197,141		236,532		1,566,437
Total	¥	244,688	¥	288,361	$	1,909,675

22. Financial Instruments

Financial instruments at March 31, 2023 and 2024 are summarized as follows:

Overview

(1) Policy for financial instruments

The Group raises funds (primarily bank loans payable) needed for its capital expenditure plans. In fund management, the Group emphasizes liquidity and avoids market risks as much as possible by investing short-term. The primary purpose of derivative transactions is to hedge exchange rate fluctuation risks and interest rate risks and reduce interest payments. The Group does not enter into derivative transactions for the purpose of speculation.

(2) Types of financial instruments and related risks

Primary operational investment securities and investment securities are preferred equity securities of special purpose companies under the Asset Liquidation Act, shares in companies with which the Group has business relationships, and bonds held to maturity. The Group has exposures to the credit risks of issuers, interest rate risks, and market price fluctuation risks.

Investments in silent partnerships are investments in special purpose companies and are exposed to the credit risks of issuers and interest rate risks.

Lease and guarantee deposits for leased properties are exposed to the credit risks of counterparties.

The purpose of loans payable and bonds payable is the raising of operating funds (primarily short-term funds) and funds for capital expenditure (long-term funds). Floating-rate loans and bonds are exposed to interest rate risks, but the risks are hedged using derivatives (interest rate swaps and interest rate cap trading).

Derivative transactions are foreign exchange contracts and interest rate swap transactions for the purpose of hedging against the risk of exchange rate fluctuations. Please refer to "1. Summary of Significant Accounting Policies (o) Derivative Financial Instruments" above for hedging methods and hedging targets related to hedging accounting, hedging policies, and methods for evaluating the effectiveness of hedging.

(3) Risk management for financial instruments

(a) Monitoring of credit risk (The risk that customers or counterparties may default)

Each operating department monitors the status of major counterparties and manages the due dates and balances of lease and guarantee deposits made by each counterparty. The Group seeks to identify at an early stage any collectability issues due to financial difficulties of counterparties to mitigate credit risk.

(b) Monitoring of market risks

(The risks arising from fluctuations in foreign exchange rates, interest rates and others)

To minimize the risks arising from fluctuations in interest rates on loans payable, the Group uses interest rate swaps and interest rate cap trading. In relation to investment securities, the Group regularly monitors the fair values and financial positions of the issuers (counterparties). The Group reviews the status of its holdings of financial instruments, other than bonds held to maturity, considering market trends and relationships with counterparties.

(c) Monitoring of liquidity risk

(The risk that the Group may not be able to meet its obligations on scheduled due dates)

Based on reports from each division, the Group prepares and updates its cash flow plans on a timely basis to manage liquidity risk.

(4) Supplementary explanation of the estimated fair value of financial instruments

The fair value of financial instruments is based on quoted market prices, if available. When there is no quoted market price, fair value is reasonably estimated. Since various assumptions and factors are used in estimating the fair value, different assumptions and factors could result in different fair value.

Estimated Fair Value of Financial Instruments

Carrying value of financial instruments on the consolidated balance sheet as of March 31, 2023 and 2024. Cash is omitted from the notes, and deposits and short-term loans payable are omitted from the notes because they are settled in a short period of time and their fair value approximates their book value.

2023

	Yen (millions)		
	Book value	Estimated fair value	Difference
(1) Securities and investment securities			
Shares of subsidiaries and associates	¥ 2,688	¥ 2,183	¥ (504)
Available-for-sale securities	79,282	79,282	—
(2) Leasehold and guarantee deposits	92,580	82,514	(10,065)
Total assets	¥ 174,551	¥ 163,981	¥ (10,569)
(1) Bonds payable	280,000	271,105	(8,894)
(2) Long-term borrowings	1,158,643	1,151,679	(6,963)
(3) Long-term leasehold and guarantee deposits received	204,371	181,776	(22,595)
Total liabilities	¥ 1,643,015	¥ 1,604,561	¥ (38,453)
Derivatives			
Derivatives to which hedge accounting is applied	9,079	9,079	—

2024

	Yen (millions)		
	Book value	Estimated fair value	Difference
(1) Securities and investment securities			
Shares of subsidiaries and associates	¥ 2,694	¥ 5,064	¥ 2,369
Available-for-sale securities	90,380	90,380	—
(2) Leasehold and guarantee deposits	91,400	77,497	(13,903)
Total assets	¥ 184,476	¥ 172,942	¥ (11,533)
(1) Bonds payable	290,000	260,036	(29,963)
(2) Long-term borrowings	1,250,712	1,236,855	(13,856)
(3) Long-term leasehold and guarantee deposits received	215,747	186,537	(29,210)
Total liabilities	¥ 1,756,460	¥ 1,683,430	¥ (73,030)
Derivatives			
Derivatives to which hedge accounting is applied	8,977	8,977	—

2024

	U.S. dollars (thousands)		
	Book value	Estimated fair value	Difference
(1) Securities and investment securities			
Shares of subsidiaries and associates	$ 17,841	$ 33,536	$ 15,689
Available-for-sale securities	598,543	598,543	—
(2) Leasehold and guarantee deposits	605,298	513,225	(92,073)
Total assets	$ 1,221,695	$ 1,145,311	$ (76,377)
(1) Bonds payable	1,920,530	1,722,093	(198,430)
(2) Long-term borrowings	8,282,861	8,191,093	(91,762)
(3) Long-term leasehold and guarantee deposits received	1,428,788	1,235,344	(193,444)
Total liabilities	$ 11,632,185	$ 11,148,543	$ (483,642)
Derivatives			
Derivatives to which hedge accounting is applied	59,450	59,450	—

Notes:

1. The amounts recorded on the consolidated balance sheet of stocks, etc. with no market prices and investments in partnerships, etc. are as follows and are not included in the table above.

	Yen (millions)		U.S. dollars (thousands)
	2023	**2024**	**2024**
Non-marketable equity securities	¥ 157,426	¥ 175,178	$ 1,160,119
Investments in partnerships	¥ 71,122	¥ 81,260	$ 538,146

Investments in partnerships, etc. mainly consist of investments in silent partnerships and preferred securities to special purpose companies. These are subject to the "Guidance on Accounting Standard for Fair Value Calculation" (ASBJ Guidance No. 31, June 17, 2021. Hereinafter referred to as "Guidance on Accounting Standard for Fair Value Calculation"). The Company does not disclose the fair value of these securities in accordance with Paragraph 24-16 of the "Guidance on Accounting Standard for Measurement of Fair Value" (ASBJ Guidance No. 31, June 17, 2021, hereinafter referred to as the "Accounting Standard for Measurement of Fair Value").

2. Net receivables and payables arising from derivative transactions are shown in net amounts, and items that are net liabilities in total are shown in "( )".
3. Redemption schedule for receivables and marketable securities with maturities at March 31, 2023 and 2024.

2023

	Yen (millions)			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	¥ 170,985	¥ -	¥ -	¥ -
Investment securities				
Available-for-sale securities with maturities				
Corporate bonds	-	-	-	53
Total	¥ 170,985	¥ -	¥ -	¥ 53

2024

	Yen (millions)			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	¥ 246,634	¥ -	¥ -	¥ -
Investment securities				
Available-for-sale securities with maturities				
Corporate bonds		-	-	44
Total	¥ 246,634	¥ -	¥ -	¥ 44

2024

	U.S. dollars (thousands)			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	$ 1,633,338	$ -	$ -	$ -
Investment securities				
Available-for-sale securities with maturities				
Corporate bonds		-	-	291
Total	$ 1,633,338	$ -	$ -	$ 291

Lease and guarantee deposits (91,400 million yen (605,298 thousand dollars)) are not included in the table above because the collection date is not fixed.

4. Redemption schedule for bonds payable and loans payable with maturities at March 31, 2023 and 2024.

2023

	Yen (millions)					
	Due in one year or less	Due after one year through two years	Due after two year through three years	Due after three year through four years	Due after four year through five years	Due after five years
Short-term borrowings	¥ 44,289	—	—	—	—	—
Bonds payable	10,000	20,000	70,000	10,000	30,000	140,000
Long-term borrowings	112,142	90,674	164,151	136,321	180,186	475,167
Total	¥ 166,431	110,674	234,151	146,321	210,186	615,167

2024

	Yen (millions)					
	Due in one year or less	Due after one year through two years	Due after two year through three years	Due after three year through four years	Due after four year through five years	Due after five years
Short-term borrowings	¥ 49,411	—	—	—	—	—
Bonds payable	20,000	70,000	10,000	30,000	20,000	140,000
Long-term borrowings	97,872	157,354	137,898	181,769	208,508	467,308
Total	¥ 167,284	227,354	147,898	211,769	228,508	607,308

2024

	U.S. dollars (thousands)					
	Due in one year or less	Due after one year through two years	Due after two year through three years	Due after three year through four years	Due after four year through five years	Due after five years
Short-term borrowings	$ 327,225	—	—	—	—	—
Bonds payable	132,450	463,576	66,225	198,675	132,450	927,152
Long-term borrowings	648,159	1,042,079	913,232	1,203,768	1,380,848	3,094,755
Total	$ 1,107,841	1,505,656	979,457	1,402,444	1,513,298	4,021,907

5. Matters concerning the breakdown of the fair value of financial instruments by level, etc.

The fair value of financial instruments is classified into the following three levels based on the observability and materiality of the inputs used to calculate fair value.

Level 1 market value : Fair value calculated based on quoted market prices for the assets or liabilities for which such fair value is calculated that are formed in an active market among the inputs to the calculation of observable fair value

Level 2 market value : Fair value calculated using inputs related to the calculation of observable fair value other than Level 1 inputs

Level 3 market value : Fair value calculated using inputs for unobservable fair value calculations

When multiple inputs that have a significant impact on the calculation of fair value are used, fair value is classified to the level with the lowest priority in the calculation of fair value among the levels to which each of those inputs belongs.

Financial assets and liabilities with fair value in the consolidated balance sheets

2024

	Yen (millions)			
	Level 1	Level 2	Level 3	total
Securities and Investment securities				
Available-for-sale securities				
Share	16,718	—	—	16,718
Bonds	—	44	—	44
Other	58,919	—	—	58,919
Derivative transactions				
Hedge accounting is applied	—	8,977	—	8,977
total assets	75,637	9,021	—	84,659

Note: Investment trusts to which transitional measures were applied in accordance with Paragraph 24-9 and investment trust assets which are real estate, are not included in the table above. The amount of such investment trusts, etc. in the consolidated balance sheet is 14,698 million yen.

	U.S. dollars (thousands)			
	Level 1	Level 2	Level 3	Total
Securities and Investment securities				
Available-for-sale securities				
Share	110,715	—	—	110,715
Bonds	—	291	—	291
Other	390,192	—	—	390,192
Derivative transactions				
Hedge accounting is applied	—	59,450	—	59,450
total assets	500,907	59,742	—	560,656

Financial assets and liabilities not recognized in the consolidated balance sheet at fair value

2024

	Yen (millions)			
	Level 1	Level 2	Level 3	Level 4
Securities and Investment securities				
Shares of subsidiaries and affiliates	5,064	—	—	5,064
Leasehold and guarantee deposits received	—	—	77,497	77,497
total assets	5,064	—	77,497	82,561
Bonds (Includes current portion of bonds)	—	260,036	—	260,036
Long-term borrowings (Includes current portion of long-term debt)	—	1,236,855	—	1,236,855
Long-term leasehold and guarantee deposits received	—	—	186,537	186,537
total liabilities	—	1,496,892	186,537	1,683,430

	U.S. dollars (thousands)			
	Level 1	Level 2	Level 3	Level 4
Securities and Investment securities				
Shares of subsidiaries and affiliates	33,536	—	—	33,536
Leasehold and guarantee deposits received	—	—	513,225	513,225
total assets	33,536	—	513,225	546,762
Bonds (Includes current portion of bonds)	—	1,722,093	—	1,722,093
Long-term borrowings (Includes current portion of long-term debt)	—	8,191,093	—	8,191,093
Long-term leasehold and guarantee deposits received	—	—	1,235,344	1,235,344
total liabilities	—	9,913,192	1,235,344	11,148,543

Note: Description of valuation techniques and inputs used in the calculation of fair value

Assets

・Securities and Investment securities

The fair value of listed stocks and listed investment trust are based on the price on the stock exchange and is classified mainly as Level 1 based on the market activity.

The fair value of private placement bonds, etc., which do not have market prices, is based on the present value of the total amount of principal, interest, etc., discounted at the risk-free interest rate plus certain adjustments, and is mainly classified as Level 2.

・Leasehold and guarantee deposits received

The fair value of security deposits and guarantee money is estimated based on the present value of the estimated deposit period and discounted at the interest rate of government bonds corresponding to the period, which is mainly classified as Level 3.

Liabilities

・Bonds (Includes current portion of bonds)

The fair value of these bonds is based on the present value of the total principal, interest, etc., discounted at an interest rate that takes into account the remaining period of the bonds and credit risk, and is mainly classified as Level 2.

・Long-term borrowings (Includes current portion of long-term debt)

The fair value of these loans is the present value of the total principal and interest discounted at the interest rate that would be applicable to a similar new borrowing. Long-term borrowings with floating interest rates are subject to special treatment as interest rate swaps (see "Derivative transactions" below), and the present value of the total principal and interest, accounted for as a single unit with the interest rate swap, discounted at a reasonably estimated interest rate that would be applicable to a similar borrowing, is used as fair value. These are primarily classified as Level 2.

・Long-term leasehold and guarantee deposits received

The fair value of long-term leasehold and security deposits is estimated based on the estimated deposit period and the present value discounted by the interest rate of government bonds corresponding to the period plus credit risk, which is mainly classified as Level 3.

Derivative transactions

Net receivables and payables arising from derivative transactions are shown as net amounts. The fair values are based on the prices provided by the financial institutions with which the Company does business, and are classified as Level 2 fair values.

The fair value of interest rate swaps that qualify for hedge accounting and are accounted for as an integral part of long-term borrowings that are hedged is included in the fair value of the relevant long-term borrowings. (See above)

23. Securities

Securities held by the Company as of March 31, 2023 and 2024 are summarized as follows:

(1) Held-to-maturity Securities

2023 and **2024**

Not applicable

(2) Available-for-sale securities

2023

	Yen (millions)		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	¥ 10,309	¥ 5,031	¥ 5,278
Bonds	—	—	—
Other	68,588	55,757	12,831
Subtotal	78,898	60,789	18,109
Securities whose book value does not exceed acquisition cost:			
Stocks	—	—	—
Bonds	53	67	(13)
Other	330	330	—
Subtotal	384	398	(13)
Total	¥ 79,282	¥ 61,187	¥ 18,095

Note: Stocks and other securities without market quotations (6,850 million yen on the consolidated balance sheets) and investments in partnerships (70,302 million yen on the consolidated balance sheets) are not included in "Other securities" in the table above.

2024

	Yen (millions)		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	¥ 16,718	¥ 8,047	¥ 8,670
Bonds	—	—	—
Other	73,271	56,927	16,344
Subtotal	89,989	64,975	25,014
Securities whose book value does not exceed acquisition cost:			
Stocks	—	—	—
Bonds	44	67	(23)
Other	346	346	—
Subtotal	390	414	(23)
Total	¥ 90,380	¥ 65,389	¥ 24,991

2024

	U.S. dollars (thousands)		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	$ 110,715	$ 53,291	$ 57,424
Bonds	—	—	—
Other	485,238	377,000	108,238
Subtotal	595,954	430,298	165,656
Securities whose book value does not exceed acquisition cost:			
Stocks	—	—	—
Bonds	291	444	(152)
Other	2,291	2,291	—
Subtotal	2,583	2,742	(152)
Total	$ 598,543	$ 433,040	$ 165,503

Note: Stocks and other securities without market quotations (6,198 million yen on the consolidated balance sheets) and investments in partnerships (76,046 million yen on the consolidated balance sheets) are not included in "Other securities" in the table above.

(3) Sales of Available-for-sale securities

Sales of Available-for-sale securities and corresponding aggregate gains and aggregate losses for the years ended March 31, 2023 and 2024:

2023

	Yen (millions)		
Type	Sales amount	Aggregate gains	Aggregate losses
Stocks	¥ -	¥ -	¥ -
Other	299	46	-
Total	¥ 299	¥ 46	¥ -

2024

	Yen (millions)		
Type	Sales amount	Aggregate gains	Aggregate losses
Stocks	¥ 3,019	¥ 952	¥ -
Other	-	-	-
Total	¥ 3,019	¥ 952	¥ -

2024

	U.S. dollars (thousands)		
Type	Sales amount	Aggregate gains	Aggregate losses
Stocks	$ 19,993	$ 6,305	$ -
Other	-	-	-
Total	$ 19,993	$ 6,305	$ -

(4) Loss on valuation of securities

Loss on valuation of securities for the years ended March 31, 2023 and 2024:

	Yen (millions)		U.S. dollars (thousands)
	2023	**2024**	**2024**
Loss on valuation of investment securities (Note)	¥ 553	¥ 443	$ 2,934

Note: Impairment loss of 443 million yen (443 million yen for investments in partnerships, etc.) was recorded for investment securities. in 2024.

24. Derivatives

Contract /notional amount and the estimated fair value of the derivative instruments as of March 31, 2023 and 2024 are summarized as follows:

(1) Derivatives to which hedge accounting is not applied

Currency-related transactions

2023 and **2024**

Not applicable

(2) Derivatives to which hedge accounting is applied

Currency-related transactions

2023

Hedge accounting method	Type of derivatives	Major hedged items	Yen (millions) Contract/ notional amount	Amount due after one year	Fair value
Deferred treatment on hedge	Forward exchange contract Buy: U.S. dollars	Scheduled transactions in foreign currency	¥ 50,769	¥ 48,083	¥ 4,273
Deferred treatment on hedge	Forward exchange contract Buy: EUR	Scheduled transactions in foreign currency	¥ 134	¥ 129	¥ (12)

2024

Hedge accounting method	Type of derivatives	Major hedged items	Yen (millions) Contract/ notional amount	Amount due after one year	Fair value
Deferred treatment on hedge	Forward exchange contract Buy: U.S. dollars	Scheduled transactions in foreign currency	¥ 29,795	¥ 29,684	¥ 6,860
Deferred treatment on hedge	Forward exchange contract Buy: EUR	Scheduled transactions in foreign currency	¥ 129	¥ 124	¥ 5

2024

Hedge accounting method	Type of derivatives	Major hedged items	U.S. dollars (thousands) Contract/ notional amount	Amount due after one year	Fair value
Deferred treatment on hedge	Forward exchange contract Buy: U.S. dollars	Scheduled transactions in foreign currency	$ 197,318	$ 196,583	$ 45,430

Deferred treatment on hedge	Forward exchange contract Buy: EUR	Scheduled transactions in foreign currency	$ 854	$ 821	$ 33

Interest rate-related transactions

2023

Hedge accounting method	Type of derivatives	Major hedged items	Yen (millions) Contract/ notional amount	Amount due after one year	Fair value
Deferred treatment on hedge	Interest rate swaps Receive/floating Pay/fixed	Long-term debt	¥ 77,432	¥ 74,302	¥ 2,022
	Interest rate cap trading		188,100	36,882	2,795
Special treatment for interest rate swaps	Interest rate swaps Receive/floating Pay/fixed		¥ 75,303	¥ 65,794	¥ (Note)

2024

Hedge accounting method	Type of derivatives	Major hedged items	Yen (millions) Contract/ notional amount	Amount due after one year	Fair value
Deferred treatment on hedge	Interest rate swaps Receive/floating Pay/fixed	Long-term debt	¥ 80,232	¥ 75,659	¥ 1,221
	Interest rate cap trading		198,913	4,105	51
Special treatment for interest rate swaps	Interest rate swaps Receive/floating Pay/fixed		¥ 72,079	¥ 54,297	¥ (Note)

2024

Hedge accounting method	Type of derivatives	Major hedged items	U.S. dollars (thousands) Contract/ notional amount	Amount due after one year	Fair value
Deferred treatment on hedge	Interest rate swaps Receive/floating Pay/fixed	Long-term debt	$ 531,338	$ 501,053	$ 8,086
	Interest rate cap trading		1,317,305	27,185	338
Special treatment for interest rate swaps	Interest rate swaps Receive/floating Pay/fixed		$ 477,344	$ 359,583	$ (Note)

Note: Interest rate swaps which qualify for the special treatment for interest swaps is treated together with the hedged long-term debt. Accordingly, the fair value of those interest rate swaps are included in the fair value of the long-term debt.

Commodity-related transactions

2023

Not applicable

2024

Hedge accounting method	Type of derivatives	Major hedged items	Yen (millions)		
			Contract/ notional amount	Amount due after one year	Fair value
Deferred treatment on hedge	Commodity swaps	Electricity	¥ 2,047	¥ 1,646	¥ 837

2024

Hedge accounting method	Type of derivatives	Major hedged items	U.S. dollars (thousands)		
			Contract/ notional amount	Amount due after one year	Fair value
Deferred treatment on hedge	Commodity swaps	Electricity	$ 13,556	$ 10,901	$ 5,543

25. Employees' Retirement and Severance Benefits

The Group has defined benefit plans (i.e., welfare pension fund plans and lump-sum retirement benefit plan). The amounts of benefit are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs.

The Company and certain consolidated subsidiaries have adopted a defined contribution pension plan for part of their retirement benefit system. Under the defined-benefit corporate pension plan and lump-sum retirement benefit plan owned by certain consolidated subsidiaries, net defined benefit liability and retirement benefit cost are calculated using the simplified method.

Defined benefit plan

I. Table of reconciliation of retirement benefit obligations as of the beginning and end of the fiscal period

1. Principle method

	Yen (millions)				U.S. dollars (thousands)	
	2023		**2024**		**2024**	
Retirement benefit obligations at beginning of year	¥	28,612	¥	29,029	$	192,245
Service cost		2,199		2,150		14,238
Interest cost		185		200		1,325
Actuarial loss		(323)		93		616
Retirement benefits paid		(1,636)		(1,966)		(13,020)
Amount of decrease due to consolidation exclusion		-		(488)		(3,232)
Amortization of prior service cost		(6)		-		-
Retirement benefit obligations at end of year	¥	29,029	¥	29,019	$	192,179

2. Simplified method

	Yen (millions)				U.S. dollars (thousands)	
	2023		**2024**		**2024**	
Retirement benefit obligations at beginning of year	¥	1,054	¥	991	$	6,563
Retirement benefit cost		132		188		1,245
Retirement benefits paid		(194)		(108)		(715)
Retirement benefit obligations at end of year	¥	991	¥	1,071	$	7,093

II. Table of reconciliation of pension assets as of the beginning and end of the fiscal period

	Yen (millions)				U.S. dollars (thousands)	
	2023		**2024**		**2024**	
Pension assets at beginning of year	¥	810	¥	417	$	2,762
Expected return on plan assets		12		10		66
Actuarial loss		(327)		34		225
Contributions from employer		9		-		-
Retirement benefits paid		(87)		(26)		(172)
Pension assets at end of year	¥	417	¥	436	$	2,887

III. Table of reconciliation of retirement benefit obligations and pension assets as of March 31, 2023 and 2024 and net defined benefit liability and net defined benefit asset recorded in the consolidated balance sheet

	Yen (millions)		U.S. dollars (thousands)
	2023	**2024**	**2024**
Retirement benefit obligations under the savings-type plan	¥ 298	¥ 291	$ 1,927
Plan assets at fair value	(417)	(436)	(2,887)
	(118)	(144)	(954)
Retirement benefit obligations under the non-savings-type plan	29,723	29,797	197,331
Net amount of liability and asset recorded in the consolidated balance sheet	¥ 29,604	¥ 29,653	$ 196,377
Net defined benefit liability	29,917	29,992	198,623
Net defined benefit asset	(313)	(339)	(2,245)
Net amount of liability and asset recorded in the consolidated balance sheet	¥ 29,604	¥ 29,653	$ 196,377

IV. Components of retirement benefit cost for the year ended March 31, 2023 and 2024

	Yen (millions)		U.S. dollars (thousands)
	2023	**2024**	**2024**
Service cost	¥ 2,199	¥ 2,150	$ 14,238
Interest cost	185	200	1,325
Expected return on plan assets	(12)	(10)	(66)
Amortization of actuarial loss	236	130	861
Amortization of prior service cost	9	(0)	(0)
Retirement benefit cost calculated using the simplified method	132	188	1,245
Retirement benefit cost for the defined benefit plan	¥ 2,752	¥ 2,658	$ 17,603

V. Remeasurements of defined benefit plans, before tax

	Yen (millions)		U.S. dollars (thousands)
	2023	**2024**	**2024**
Prior service cost	¥ (16)	¥ 0	$ 0
Actuarial loss	(232)	(71)	(470)
Total	¥ (249)	¥ (70)	$ (464)

VI. Remeasurements of retirement benefit plans

The following items are recorded under remeasurements of retirement benefit plans (before deduction of tax effects) for the year ended March 31, 2023 and 2024.

	Yen (millions)		U.S. dollars (thousands)
	2023	**2024**	**2024**
Unrecognized prior service cost	¥ 6	¥ 5	$ 33
Unrecognized actuarial loss	(107)	(36)	(238)
Total	¥ (101)	¥ (31)	$ (205)

VII. Pension assets

1. The ratio by major category of the total pension assets as of March 31, 2023 and 2024 are set forth below.

	2023	**2024**
Bonds	69%	68%
Stocks	28%	29%
Others	3%	3%
Total	100%	100%

2. Method of establishing the long-term expected rate of return on pension assets

To determine the long-term expected rate of return on pension assets, the current and forecast allocation of pension assets and the current and expected long-term rates of return on various assets constituting the pension assets are considered.

VIII. Matters regarding assumptions for actuarial calculations

Major assumptions for actuarial calculations as of March 31, 2023 and 2024

	2023	**2024**
Discount rate	0.30～1.58%	0.30～1.31%
Long-term expected rate of return on pension assets	0.75～2.50%	0.75～2.50%
Expected rate of salary increase	1.93～7.22%	1.93～7.22%

Defined contribution plan

The amount required to be contributed to the defined contribution plan are ¥1,841 million and ¥1,883 million ($12,470 thousand) for the year ended March 31, 2023 and 2024.

26. Stock options

The company

Not applicable.

Consolidated subsidiary (TQ Connect Inc.)

・Amount and account title of expenses related to stock options

Not applicable.

・Amount recorded as profit due to lapsed due to non-exercise of rights

	Yen (millions)		U.S. dollars (thousands)
	2023	**2024**	**2024**
Non-operating income	0	-	-

・Description, size and changes in stock options

(i) Details of stock options

	First series of stock acquisition rights
Classification and number of grantees	Directors of the relevant consolidated subsidiary 2 persons
Number of stock options by type of stock (Note)	Common stock 10,500 shares
Date of grant	July 2, 2021
Vesting conditions	(i) If the value of the common stock of the Company's subsidiary exceeds 40,000 yen at the time of any of the following determinations (a) End of December 2021 (b) End of October 2022 (c) End of October 2023 (d) End of December 2024 (ii) The holder of stock acquisition rights must be a director, corporate auditor or employee of a subsidiary of the Company or an affiliate of a subsidiary of the Company at the time of exercising the rights. However, this shall not apply in cases where the general meeting of shareholders recognizes that there is a justifiable reason such as retirement from office due to expiration of term of office, mandatory retirement age, or any other justifiable reason. (iii) The exercise of stock acquisition rights by the heirs of the holders of stock acquisition rights shall not be permitted.
Eligible work period	No stipulations
Exercise period	July 2, 2021 - July 1, 2026

Note: The above figures are based on the number of shares.

(ii) Size of stock options and changes in the number of stock options

Stock options that existed during the current fiscal year are included in the above table, and the number of stock options is converted into the number of shares.

a. Number of stock options

	First series of stock acquisition rights
Before vesting	
End of previous fiscal year	10,500
Granted	-
Invalidation	-
Vesting	-
Unvested balance	10,500
After vesting	
As of the end of the previous fiscal year	-
Vesting	-
Exercised	-
Invalidation	-
Unexercised balance	-

b. Unit Price Information

	First series of stock acquisition rights
Exercise Price	¥10,000($ 66)
Average price at exercise	-
Fair valuation unit price (grant date)	-

・Estimation of fair value of stock options

Since the relevant consolidated subsidiary was a private company as of the date of the stock option grant, the fair value per unit intrinsic value of the stock options was used as the valuation unit price of the stock options. In addition, the book value method was used as the valuation method of the company's stock, which is the basis for calculating the intrinsic value per unit.

・Estimation method for the number of stock options vested

Since it is difficult to reasonably estimate the number of future lapses, only the actual number of lapses is reflected.

・Total intrinsic value of stock options at the end of the fiscal year and total intrinsic value of stock options exercised during the fiscal year at the exercise date, if the calculation is based on the intrinsic value of stock options.

Total intrinsic value at the end of the current fiscal year: －

Total intrinsic value of rights exercised during the year: －

27. Income Taxes

Significant components of deferred tax assets and deferred tax liabilities at March 31, 2023 and 2024 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2023	**2024**	**2024**
Deferred tax assets:			
Valuation loss on inventories	¥ 687	¥ 720	$ 4,768
Valuation loss on securities	4,062	1,549	10,258
Amortization of intangible assets	6,321	7,214	47,775
Allowance for doubtful accounts	82	62	411
Accrued expenses	535	487	3,225
Accrued bonuses to employees	4,589	5,281	34,974
Net defined benefit liability	9,206	9,172	60,742
Tax loss carried forward (Note 2)	21,439	17,144	113,536
Unrealized inter-company profits	1,191	1,452	9,616
Impairment losses on fixed assets	5,047	2,027	13,424
Loss of investments in silent partnerships	85	501	3,318
Valuation difference on consolidated subsidiaries	2	2	13
Undistributed loss from consolidated subsidiaries	483	703	4,656
Accrued enterprise tax/business office tax	910	1,806	11,960
Revaluation of assets for merger	66	54	358
Asset retirement obligations	3,727	3,824	25,325
Other	8,686	10,356	68,583
Gross deferred tax assets	67,126	62,363	413,000
Valuation allowance related to tax loss carried forward (Note 2)	(17,747)	(13,453)	(89,093)
Valuation allowance related to future deductible temporary differences	(6,369)	(4,975)	(32,947)
Less: valuation allowance (Note 1)	(24,116)	(18,429)	(122,046)
Total deferred tax assets	¥ 43,009	¥ 43,934	$ 290,954
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	¥ 5,469	¥ 8,353	$ 55,318
Valuation difference on consolidated Subsidiaries	20,563	20,242	134,053
Reserve for advanced depreciation of non-current assets	2,247	1,989	13,172
Loss on approval for exchange of land rights	1,118	1,120	7,417
Property, plant and equipment corresponding to asset retirement obligations	2,540	2,739	18,139
Other	6,377	6,385	42,285
Total deferred tax liabilities	38,316	40,830	270,397
Net deferred tax assets (liabilities)	¥ 4,692	¥ 3,103	$ 20,550

Note:

1.The valuation allowance decreased by ¥5,687 million. The decrease was mainly due to the use of tax loss carryforwards following the absorption-type merger between consolidated subsidiaries.

2. Tax losses carried forward and the amounts of their deferred tax assets according to carry-forward period deadlines.

2023 Yen (millions)

	One year or less	More than one year but two years or less	More than two years but three years or less	More than three years but four years or less	More than four years but five years or less	More than five years	Total
Tax loss carried forward (Note 1)	-	98	488	1,130	-	19,722	21,439
Valuation allowance	-	(98)	-	(540)	-	(17,108)	(17,747)
Deferred tax assets	-	-	488	589	-	2,614	3,692 (Note 2)

2024 Yen (millions)

	One year or less	More than one year but two years or less	More than two years but three years or less	More than three years but four years or less	More than four years but five years or less	More than five years	Total
Tax loss carried forward (Note 1)	98	337	1,091	-	1,154	14,462	17,144
Valuation allowance	(98)	-	(543)	-	(561)	(12,250)	(13,453)
Deferred tax assets	-	337	548	-	593	2,211	3,691 (Note 3)

2024 U.S. dollars (thousands)

	One year or less	More than one year but two years or less	More than two years but three years or less	More than three years but four years or less	More than four years but five years or less	More than five years	Total
Tax loss carried forward (Note 1)	-	2,232	7,225	-	7,642	95,775	113,536
Valuation allowance	-	-	(3,596)	-	(3,715)	(81,126)	(89,093)
Deferred tax assets	-	-	3,629	-	3,927	14,642	24,444

Notes:

1. Tax losses carried forward indicate amounts multiplied by legally-designated effective tax rates.
2. Deferred tax assets amounting to ¥3,692 million have been posted in conjunction with the tax loss carried forward of ¥21,439 million (multiplied by the legally designated effective tax rate). The portion of the said tax loss carried forward that is deemed recoverable based on expected future taxable income is not recognized as a valuation allowance.
3. Deferred tax assets amounting to ¥3,691 million (U.S. $24,444 thousand) have been posted in conjunction with the tax loss carried forward of ¥17,144 million (U.S. $113,536 thousand) (multiplied by the legally designated effective tax rate). The portion of the said tax loss carried forward that is deemed recoverable based on expected future taxable income is not recognized as a valuation allowance.

	Yen (millions)		U.S. dollars (thousands)
	2023	**2024**	**2024**
Deferred tax assets – non-current	¥ 26,323	¥ 25,855	$ 171,225
Deferred tax liabilities – non-current	21,630	22,752	150,675

Breakdown by major items that caused a significant difference between the statutory tax rate and the effective tax rate is as follows:

	2023	**2024**
Statutory tax rate (Adjustments)	The difference between the statutory tax rate and the effective tax rate is omitted from the notes because it did not exceed 5/100.	30.6%
Items not included in tax deductions permanently, such as entertainment expenses		0.7%
Items not included in taxable income permanently, such as dividend income		(0.0)%
Inhabitant tax on a per capita basis		0.3%
Increase/decrease in the amount of valuation reserve		(3.2)%
Amortization of goodwill		1.5%
Impairment losses of goodwill		1.4%
Tax credits		(0.8)%
Others		2.0%
Effective tax rate		32.5%

28. Investment and Rental Properties

The Company and certain consolidated subsidiaries own office buildings for lease in Tokyo and other areas.

Rental profits related to those properties were 21,508 million yen (Rental revenue is recorded in operating revenue, and main rental expenses are recorded in operating costs.), and Impairment loss (recorded as extraordinary loss) was 21,105 million yen in the fiscal year ended March 31, 2023. Rental profits related to those properties were 23,606 million yen (U.S. $156,331 thousand) (Rental revenue is recorded in operating revenue, and main rental expenses are recorded in operating costs.) in the fiscal year ended March 31, 2024.

The carrying value in the consolidated balance sheet and corresponding fair value of those properties at March 31, 2023 and 2024 are as follows:

2023

Yen (millions)			
Carrying value			Fair value
As of April 1, 2022	Net change	As of March 31, 2023	As of March 31, 2023
¥ 764,021	¥ (31,416)	¥ 732,605	¥ 1,032,377

2024

Yen (millions)			
Carrying value			Fair value
As of April 1, 2023	Net change	As of March 31, 2024	As of March 31, 2024
¥ 732,605	¥ 16,913	¥ 749,518	¥ 1,157,952

2024

U.S. dollars (thousands)			
Carrying value			Fair value
As of April 1, 2023	Net change	As of March 31, 2024	As of March 31, 2024
$ 4,851,689	$ 112,007	$ 4,963,695	$ 7,668,556

Notes:

1. The carrying value represents the acquisition cost less accumulated depreciation and cumulative impairment loss.
2. Of the changes, the increase during the year ended March 31, 2023 was mainly attributable to the acquisition of properties and new opening of properties of ¥30,225 million. The increase during the year ended March 31, 2024 was

mainly attributable to the acquisition of properties and new opening of properties, progress of properties planned before opening of ¥128,942 million ($853,921 thousand).

The decrease during the year ended March 31, 2023 was mainly due to transfers to real estate for sale of ¥34,281 million, and Impairment loss of ¥21,105 million. The decrease during the year ended March 31, 2024 was mainly due to the sales of properties of ¥96,234 million ($637,311 thousand), and transfers to properties in the planning stage of ¥12,952 million ($85,775 thousand).

3. Fair value is estimated by internal appraisers in accordance with appraisal standards issued by the Japanese Association of Real Estate Appraisers.

4. Determining the fair value of properties in the planning stage (consolidated balance sheet amount of ¥69,927 million and ¥41,413 million ($274,258 thousand) as of March 31, 2023 and 2024) is extremely difficult, since they are in the early stages of development. For this reason, they are not included in the table above.

29. Revenue recognition

(1) Revenue Breakdown Information

	Yen (millions)				
2023	Urban Development	Strategic Investment	Property Management & Operation	Real Estate Agents	Total
Sale of real estate, etc.	¥ 239,320	¥ 33,086	¥ 9,630	¥ 82,110	¥ 364,148
Provision of services, etc.	103,142	44,845	314,255	179,444	641,687
Total	¥ 342,462	¥ 77,932	¥ 323,885	¥ 261,554	¥ 1,005,836
Revenue from contracts with customers	¥ 204,667	¥ 40,666	¥ 312,657	¥ 199,565	¥ 757,557
Revenue from other sources (Note)	¥ 137,794	¥ 37,265	¥ 11,228	¥ 61,989	¥ 248,279

Notes: Revenue from other sources includes rental income and other income in accordance with ASBJ Statement No. 13, "Accounting Standard for Lease Transactions.

	Yen (millions)				
2024	Urban Development	Strategic Investment	Property Management & Operation	Real Estate Agents	Total
Sale of real estate, etc.	¥ 252,982	¥ 64,752	¥ 18,508	¥ 98,587	¥ 434,831
Provision of services, etc.	109,222	42,210	337,732	179,049	668,216
Total	¥ 362,204	¥ 106,963	¥ 356,241	¥ 277,637	¥ 1,103,047
Revenue from contracts with customers	¥ 211,580	¥ 57,490	¥ 344,386	¥ 209,037	¥ 822,496
Revenue from other sources (Note)	¥ 150,624	¥ 49,472	¥ 11,854	¥ 68,600	¥ 280,551

Notes: Revenue from other sources includes rental income and other income in accordance with ASBJ Statement No. 13, "Accounting Standard for Lease Transactions.

2024	U.S. dollars (thousands)					
		Urban Development	Strategic Investment	Property Management & Operation	Real Estate Agents	Total
Sale of real estate, etc.	$	1,675,377 $	428,821 $	122,570 $	652,894 $	2,879,675
Provision of services, etc.		723,325	279,536	2,236,636	1,185,755	4,425,272
Total	$	2,398,702 $	708,364 $	2,359,212 $	1,838,656 $	7,304,947
Revenue from contracts with customers	$	1,401,192 $	380,728 $	2,280,702 $	1,384,351 $	5,446,993
Revenue from other sources	$	997,510 $	327,629 $	78,503 $	454,305 $	1,857,954

(2) Basic information to understand earnings

As described in Note 1 " (p) Recognition of Revenue_Revenue Recognition Standards."

(3) Information to understand the amount of revenue in the current and subsequent fiscal years

(i) Balance of contract assets and contract liabilities, etc.

Receivables arising from contracts with customers, contract assets and contract liabilities at the beginning and end of the current fiscal year are as follows

2023	Yen (millions)			
	(April 1, 2022)		(March 31, 2023)	
Receivables arising from contracts with customers	¥	38,522	¥	37,179
Contract assets		689		1,622
Contract liabilities	¥	37,429	¥	43,949

Receivables arising from contracts with customers include accounts and notes receivable that are unconditional of the Group's rights to the consideration received in exchange for goods or services transferred to the customer at the end of the consolidated fiscal year.

Contract assets are the Group's rights to consideration received in exchange for goods or services transferred to the customer at the end of the consolidated fiscal year, and are mainly unclaimed rights at the end of the current fiscal year to revenue recognized based on the measurement of progress, mainly in the case of construction contracts. Contract assets are reclassified to receivables arising from contracts with customers when the Group's rights to the consideration become unconditional.

Contractual liabilities are those for which the Group has received or is due to receive consideration from a customer for the Group's obligation to transfer goods or services to the customer, and consist primarily of deposits and other advances received from customers under sales contracts for condominiums for sale. Contract liabilities are reversed upon recognition of revenue.

The amount of revenue recognized in the current fiscal year that was included in the contract liability balance at the beginning of the period was ¥23,504 million.

The increase in contract assets in the current consolidated fiscal year was mainly due to an increase of 1,023 million yen resulting from an increase in construction orders. The increase in contract liabilities in the current consolidated fiscal year was mainly due to a 4,639 million yen increase in deposits received from customers based on sales contracts for condominiums.

2024

	Yen (millions)	
	(April 1, 2023)	(March 31, 2024)
Receivables arising from contracts with customers	¥ 37,179	¥ 45,744
Contract assets	1,622	560
Contract liabilities	¥ 43,949	¥ 44,397

2024

	U.S. dollars (thousands)	
	(April 1, 2023)	(March 31, 2024)
Receivables arising from contracts with customers	$ 246,219	$ 302,940
Contract assets	10,742	3,709
Contract liabilities	$ 291,053	$ 294,020

Receivables arising from contracts with customers include accounts and notes receivable that are unconditional of the Group's rights to the consideration received in exchange for goods or services transferred to the customer at the end of the consolidated fiscal year.

Contract assets are the Group's rights to consideration received in exchange for goods or services transferred to the customer at the end of the consolidated fiscal year, and are mainly unclaimed rights at the end of the current fiscal year to revenue recognized based on the measurement of progress, mainly in the case of construction contracts. Contract assets are reclassified to receivables arising from contracts with customers when the Group's rights to the consideration become unconditional.

Contractual liabilities are those for which the Group has received or is due to receive consideration from a customer for the Group's obligation to transfer goods or services to the customer, and consist primarily of deposits and other advances received from customers under sales contracts for condominiums for sale. Contract liabilities are reversed upon recognition of revenue.

The amount of revenue recognized in the current fiscal year that was included in the contract liability balance at the beginning of the period was ¥32,376 million.

(ii) Transaction price allocated to remaining performance obligations

The transaction prices allocated by the Group to unfulfilled (or partially fulfilled) performance obligations are as follows

	Yen (millions)		U.S. dollars (thousands)	Explanation of expected timing of fulfillment
	2023	**2024**	**2024**	
Type of performance obligation				
Sale of real estate, etc.	¥ 164,457	¥ 164,287	$ 1,087,993	Generally recognized as revenue in FY2024-FY2026
Real estate management	121,914	136,803	905,980	Generally recognized as revenue in FY2024-FY2028

Performance obligations other than those listed above are not included in the information on remaining performance obligations, applying the practical expedient method, since they are part of contracts with an initial expected contract period of one year or less.

30. Per Share Information

Basic net income per share was computed based on the net income available for distribution to shareholders of common stock and the weighted average number of shares of common stock outstanding during the year.

Diluted net income per share is not presented as there are no dilutive potential shares.

	Yen		U.S. dollars
	2023	**2024**	**2024**
Net asset per share of common stock as of March 31	¥ 964.77	¥ 1,053.04	$ 6.97
Net income per share of common stock for the year ended March 31	¥ 67.21	¥ 96.40	$ 0.64

Bases of calculation for net income per share are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2023	**2024**	**2024**
For the year ended March 31			
Profit attributable to owners of parent	¥ 48,227	¥ 68,545	$ 453,940
Profit attributable to owners of parent of common stock	48,227	68,545	453,940
Weighted average number of shares of common stock (thousands)	717,516	711,030	

Bases of calculation for net asset per share are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2023	**2024**	**2024**
As of March 31			
Total net assets	¥ 700,702	¥ 771,900	$ 5,111,921
Amount deducted from total net assets	16,077	21,756	144,079
Non-controlling interests	(16,071)	(21,751)	(144,046)
Net assets of common stock at March 31	¥ 684,625	¥ 750,144	$ 4,967,841
Number of shares of common stock at March 31 (thousands)	709,623	712,357	

In the calculation of net assets per share, shares in the Company held in the Board Benefit Trust and the E-Ship Trust, which are recorded as treasury shares under shareholders' equity, are included in the treasury shares to be subtracted from the total number of shares outstanding at the end of the period (10,179 thousand shares at the end of the previous fiscal year and 7,443 thousand shares at the end of the fiscal year ended March 31, 2024). In the calculation of earnings per share, shares in the Company held in the Board Benefit Trust and the E-Ship Trust are included in the treasury shares to be subtracted in the calculation of the average number of shares outstanding for the period (2,287 thousand shares in the previous fiscal year and 8,771 thousand shares in the fiscal year ended March 31, 2024)

31. Shareholders' Equity

The Corporation Law of Japan provides that an amount equal to at least 10 percent of distributions paid in cash be appropriated as a legal reserve until the aggregated amount of the capital reserve and the legal reserve equals 25 percent of common stock.

The portion of such aggregated amount in excess of 25 percent of common stock may become available for distributions subsequent to release of such excess to retained earnings.

32. Segment Information

The Company consists of business and service segments based on consolidated subsidiaries, etc. In line with the formulation of the long-term vision "GROUP VISION 2030," effective from the fiscal year ended March 31, 2022, the Company has divided its businesses from the perspective of human resources and asset utilization, and consolidated and reorganized them into four business segments from the previous seven. The four reportable segments are "Urban Development," "Strategic Investment," " Property Management & Operation," and " Real Estate Agents," and the main business activities of each segment are as follows.

(1) Urban Development Business

Development, leasing, operation and sales of office buildings and commercial facilities, and sales of condominiums and other residential properties

(2) Strategic Investment Business

Development, leasing, operation and sales of renewable energy power generation facilities and logistics facilities, and REIT and fund management business, and investment in real estate development overseas

(3) Property Management & Operation Business

Comprehensive management services and renovation work for condominiums and buildings, etc., sales and operation of membership resort hotels, urban hotels, golf courses, ski resorts, senior housing, etc., fitness clubs, etc., environmental greening business, new businesses based on the internal entrepreneurship program, etc.

(4) Real Estate Agents business

Real estate brokerage, purchase and resale business, sales agency, etc., and management and operation of rental housing and student apartments

*Fitness clubs: Excluded from the Company's scope of consolidation starting with the consolidated fiscal year ended March 31, 2024 following the transfer of all issued shares of TOKYU SPORTS OASIS Inc. (On April 1, 2024, TOKYU SPORTS OASIS Inc. changed its name to SPORTS OASIS Inc.)

Year ended March 31, 2023	Yen (millions)					
	Urban Development	Strategic Investment	Property Management & Operation	Real Estate Agents	Elimination/ Headquarters	Consolidated
Revenues:						
Third party customers	¥342,462	¥77,932	¥323,885	¥261,554	—	¥1,005,836
Inter-segment	3,618	831	13,250	1,408	(19,108)	—
Total	¥346,081	¥78,763	¥337,136	¥262,963	¥(19,108)	¥1,005,836
Operating profit/loss	58,634	15,241	12,292	33,679	(9,437)	110,410
Total assets	¥1,644,082	¥537,028	¥407,569	¥223,015	¥(73,237)	¥2,738,458
Depreciation expenses	18,254	10,602	11,622	3,338	684	44,502
Amortization of goodwill	—	0	2,044	850	2,352	5,247
Investment in entities accounted for using equity method	—	153,039	—	251	843	154,133
Additions to property, plant and equipment and intangible assets	44,646	18,890	13,181	5,754	1,500	83,974

Year ended March 31, 2024	Yen (millions)					
	Urban Development	Strategic Investment	Property Management & Operation	Real Estate Agents	Elimination/ Headquarters	Consolidated
Revenues:						
Third party customers	¥362,204	¥106,963	¥356,241	¥277,637	—	¥1,103,047
Inter-segment	3,219	1,004	15,208	7,933	(27,365)	—
Total	¥365,424	¥107,967	¥371,450	¥285,570	¥ (27,365)	¥1,103,047
Operating profit/loss	53,180	15,124	22,843	38,541	(9,452)	120,238
Total assets	¥1,707,893	¥646,344	¥420,203	¥289,238	¥ (32,929)	¥3,030,751
Depreciation expenses	18,177	11,147	10,925	3,459	926	44,637
Amortization of goodwill	—	—	1,836	850	2,352	5,040
Investment in entities accounted for using equity method	—	172,148	—	236	876	173,261
Additions to property, plant and equipment and intangible assets	177,296	33,851	22,084	8,131	1,059	242,424

Year ended March 31, 2024	U.S. dollars (thousands)					
	Urban Development	Strategic Investment	Property Management & Operation	Real Estate Agents	Elimination/ Headquarters	Consolidated
Revenues:						
Third party customers	$2,398,702	$708,364	$2,359,212	$1,838,656	—	$7,304,947
Inter-segment	21,318	6,649	100,715	52,536	(181,225)	—
Total	$2,420,026	$715,013	$2,459,934	$1,891,192	$ (181,225)	$7,304,947
Operating profit/loss	352,185	100,159	151,278	255,238	(62,596)	796,278
Total assets	$11,310,550	$4,280,424	$2,782,801	$1,915,483	$ (218,073)	$20,071,199
Depreciation expenses	120,377	73,821	72,351	22,907	6,132	295,609
Amortization of goodwill	—	—	12,159	5,629	15,576	33,377
Investment in entities accounted for using equity method	—	1,140,053	—	1,563	5,801	1,147,424
Additions to property, plant and equipment and intangible assets	1,174,146	224,179	146,252	53,848	7,013	1,605,457

The breakdown of the impairment loss by business segment for the year ended March 31, 2023 and 2024 are as follows:

	Yen (millions)					
Year ended March 31, 2023	Urban Development	Strategic Investment	Property Management & Operation	Real Estate Agents	Elimination/ Headquarters	Consolidated
Impairment loss	21,759	―	9,347	―	―	31,107

	Yen (millions)					
Year ended March 31, 2024	Urban Development	Strategic Investment	Property Management & Operation	Real Estate Agents	Elimination/ Headquarters	Consolidated
Impairment loss	793	―	5,694	68	―	6,555

	U.S. dollars (thousands)					
Year ended March 31, 2024	Urban Development	Strategic Investment	Property Management & Operation	Real Estate Agents	Elimination/ Headquarters	Consolidated
Impairment loss	5,252	―	37,709	450	―	43,411

Company Profile (parent company)

Established	October 1, 2013
Headquarters	SHIBUYA SOLASTA, 1-21-1 Dogenzaka, Shibuya-ku, Tokyo 150-0043, Japan
Capital	¥ 77,562 million (as of March 31, 2024)
URL	https://www.tokyu-fudosan-hd.co.jp/english/